

TOWN OF CHRISTIANSBURG, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(JULY 1, 2015 TO JUNE 30, 2016)



VALERIE TWEEDIE, CPA CFE CGFM
FINANCE DIRECTOR/TREASURER



TOWN OF CHRISTIANBURG, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

PREPARED BY:
VALERIE L. TWEEDIE, CPA, CFE, CGFM
DIRECTOR OF FINANCE/TREASURER
TOWN OF CHRISTIANBURG, VIRGINIA

TOWN OF CHRISTIANSBURG, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION



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
STEVE BIGGS

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
GUYNNE & MEMMER P.C.

Town of Christiansburg, Virginia 24073

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

November 11, 2016

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, 2016.

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 Robinson, Farmer, Cox, Associates LLC. 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, 2016, 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, 2016, 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, storm water management program, and 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, this comparison is presented in Exhibit 10 as part of the required supplementary information. The Special Revenue, Cemetery, Capital Projects, and other funds budget-to-actual comparisons are presented in the other supplementary information in Exhibit 17 through Exhibit 22. The budgetary comparison for all Governmental Funds is presented in Schedule 1 and schedule 2.

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.

Town of Christiansburg
Letter of Transmittal continued

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 and remains unchanged today. In 1980, the tax rate was 0.225 per \$100 and was reduced in 1983 to 0.175 per \$100.

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 \$ 1,445,409. And employee contributions totaled \$529,998 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, 2015 is approximately \$8.9 million.

The Town also provides a payout of sick leave balance 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 1). The balance expected to be paid out for these benefits is accrued as a part of compensated absences.

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 \$1,604,722 as of the last valuation date of June 30, 2016. This plan is more fully described in the footnotes of the financial statements (Note 9) and Exhibit 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

Town of Christiansburg
Letter of Transmittal continued

integral in achieving connectivity of the trail system to the newly acquired 62 acre Wilson parcel for future park development. The Town also acquired parcels on N. Franklin Street and Peppers Ferry to nearly complete access through the newly acquired 62 acre parcel slated for recreational development and to construct a connector road between Peppers Ferry and N. Franklin in keeping with the Town's Vision for A Green Community; A Recreation, Cultural, and Entertainment Mecca; 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 AMI Water Metering System Up-Grade project is replacing all of the Town's 10,000 water meters with electronically read meters. The system is 98% complete and the Town adjusted its utility billing cycle from bimonthly to monthly in April of this year. The new system allows users to sign in to a web portal and monitor their water usage as well as receive notifications of excessive use. The system provides valuable information to the town and customers about their water usage.

During the fiscal year the initiation, studies, working groups and public outreach was performed to initiate the billing of storm water fees in the monthly utility billing cycle. The storm water management program and billing of storm water fees began on July 1, 2016.

The downtown street scape project on Main Street and the replacement of traffic signals on N. Franklin and Main Street as well as Main and Roanoke Street are nearly complete. The project has been funded 80% by a grant from VDOT (Virginia Department of Transportation).

The Town also completed installation of a pressure booster station for the water system in the Lubna Drive area to improve our water supply and effective storage capacity.

Retirements

On June 30, 2016 Town Manager Barry D. Helms retired after 22 years of service to the Town. The last 6 years were as Town Manager; 14 years as Assistant Town Manager, and 2 years as Assistant to the Town Manager. He was able to watch and aid the town in its growth from 10,000 citizens to nearly 21,000. He was instrumental in the development of the Huckleberry Trail, the Harkrader Sports Complex, and many upgrades to the sewage treatment system and plant.

Mr. Helms was replaced by Steve Biggs on July 1, 2016. Steve is a native of North Carolina where he served for 19 years as the Town Manager of Clayton North Carolina. He too has worked with that community through growth and many changes. Welcome Mr. Biggs.

Town of Christiansburg
Letter of Transmittal continued

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. They were accredited for the 4th time this June. 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 August 2016 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. This is the second consecutive year for this award.

August 2016—The Christiansburg Police Department was recognized by the Virginia Association Chiefs of Police for their traffic safety program. The agency received second place recognition for agencies their size across the state of Virginia. It is the 17th time that the agency was recognized by the VACP since 1998.

The Christiansburg Police Department also received re-certification as a Certified Crime Prevention Community. The Town has maintained this certification since 2009.

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 \$620,719 in revenue, distributed related expenses of \$359,212, and purchased capital equipment of \$205,788, netting a carryover amount for future acquisition of equipment of \$719,690. These funds will be used for expansion of services, purchase of equipment and building improvements for the Rescue Department.

Town of Christiansburg
Letter of Transmittal continued

Last year was the fourth 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, 2015. 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.



Finance/Treasurers Office Staff

Left to right front Row: Kayla Crawford, Valerie Tweedie, Sherry Hunter, Debbie Reed, Deborah Mauricio
Back Row: Ronda London, Brittany Kast, Stacy Harris, Amber Haskins, Marc Evans, Darlene Bierman

Town of Christiansburg
Letter of Transmittal continued

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- Retired June 30, 2016
Town Manager
Town of Christiansburg



Steve Biggs July 1, 2016
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, 2015

A handwritten signature in dark ink, reading "Jeffrey R. Emen". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO

TOWN OF CHRISTIANSBURG, VIRGINIA

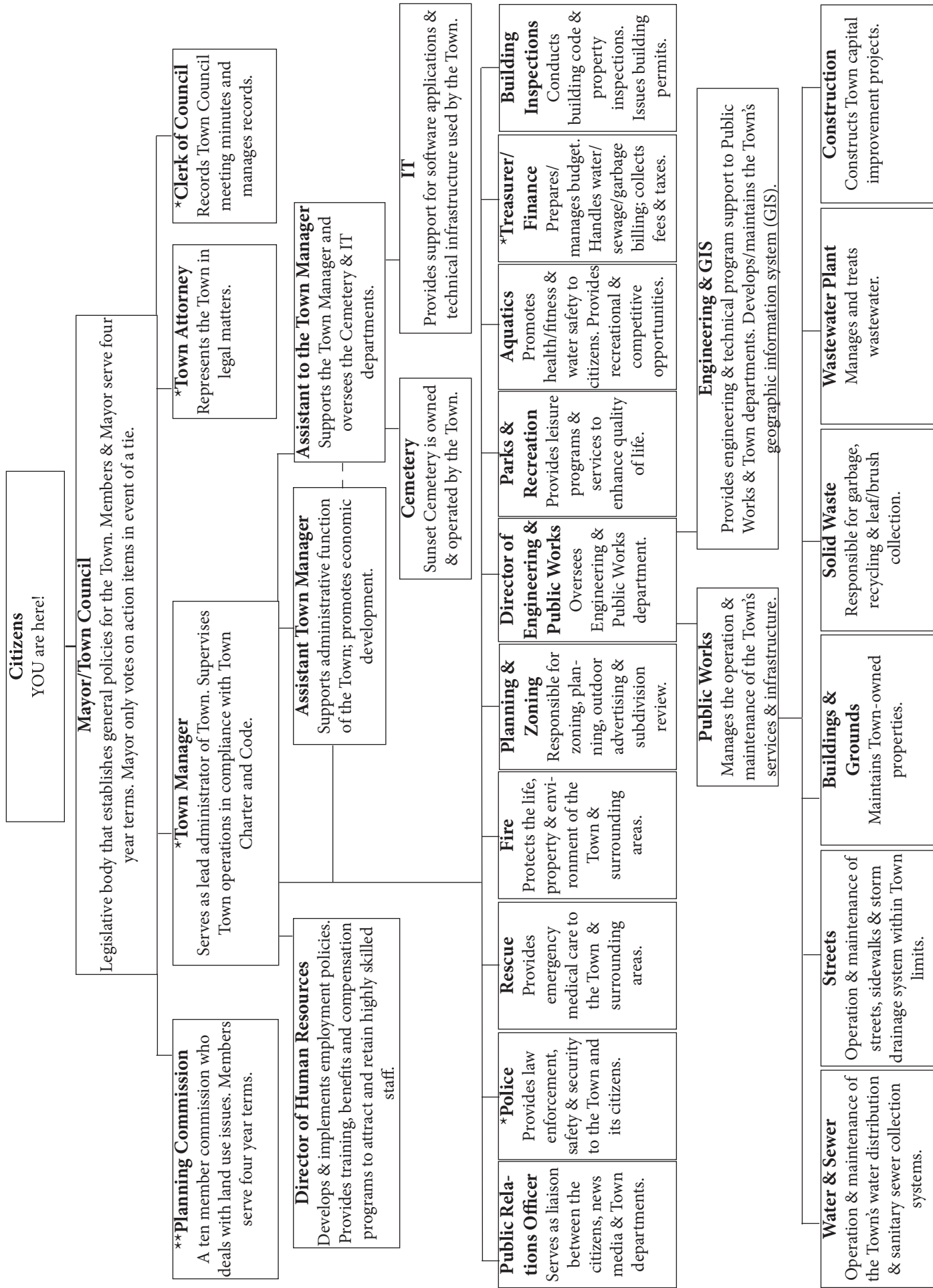
TOWN COUNCIL

D. Michael Barber, Mayor
Samuel M. Bishop
Harry Collins
Cord Hall
Steve Huppert
Henry Showalter
Bradford J. Stipes

OTHER OFFICIALS

Barry Helms Town Manager
Valerie Tweedie Director of Finance/Treasurer
Gwynn & Waddell, PC Town Attorney
Wayne Nelson, PE Director of Engineering
Ricky Bourne Director of Public Works
Andrew Warren Director of Planning
Mark Sisson Chief of Police
Brad Epperley Director of Parks and Recreation
David Brahmstadt Director of Human Resources and Public Relations
Terry Caldwell Director of Aquatics

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

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of Town Council
Town of Christiansburg, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Christiansburg, Virginia, as of and for the year ended June 30, 2016, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Christiansburg, Virginia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 18 to the financial statements, in 2016, the Town adopted new accounting guidance, GASB Statement Nos. 72 Fair Value Measurement and Application, 79 Certain External Investment Pools and Pool Participants, 82 Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 17-25, 84, and 85-88, and 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Christiansburg, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards 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 11, 2016, on our consideration of the Town of Christiansburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Christiansburg, Virginia's internal control over financial reporting and compliance.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
November 11, 2016

**TOWN OF CHRISTIANSBURG, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016**

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, 2016. It should be read in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$3,925,180 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, however this amount was restated to \$159,248,061 to reflect the addition of infrastructure (Peppers Ferry Road widening done by VDOT) in prior periods that had not been added to the Town's infrastructure. Net Position as of June 30, 2016 is \$163,173,241. Of this amount, \$11,420,739 may be used to meet ongoing obligations to citizens and creditors, \$149,211,355 is invested in capital assets, net of related debt, \$566,654 is restricted for perpetual care in the Cemetery Fund; \$1,974,493 is restricted for other purposes.
- On a government-wide basis for governmental activities, the Town had expenses (including transfers) net of program revenues of \$19,109,157, which were \$2,483,361 less than the general revenues, of \$21,592,518.
- At June 30, 2016 the Town's Governmental Funds Balance Sheet reported total ending fund balances of \$25,924,941 of which \$697,498 was non-spendable as a part of the cemetery perpetual care fund and prepaid expenses of the general fund, \$1,974,493 was restricted by law or donor restrictions; \$3,742,702 was assigned to specific savings for future needs of the Town and \$19,510,248 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 snap shot 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?"

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 outflow of resources, liabilities and deferred inflow 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 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 and community development. 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 28 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 4 and 6 on pages 29 and 31.

The Cemetery Fund (Permanent Fund) is a non-major Governmental Fund. April 1, 2008, the Town took over control of the cemetery.

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.

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 outflow of resources exceeded liabilities and deferred inflows of resources by \$163,173,241 at the close of the most recent fiscal year, June 30, 2016.

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Summary of Net Position:

The following table presents a condensed summary of net position:

Summary of Net Position						
As of June 30, 2016						
(In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015*	2016	2015*	2016	2015*
Current and other assets	\$ 33,788	\$ 30,555	\$ 3,196	\$ 3,061	\$ 36,984	\$ 33,616
Capital assets, net	129,360	128,240	40,694	40,369	170,054	168,609
Total Assets	\$ 163,148	\$ 158,795	\$ 43,890	\$ 43,430	\$ 207,038	\$ 202,225
Deferred charge on refunding, net	\$ 330	\$ 348	\$ -	\$ -	\$ 330	\$ 348
Pension contributions after measurement date	1,238	1,223	230	188	1,468	1,411
Total Deferred Outflows of Resources	\$ 1,568	\$ 1,571	\$ 230	\$ 188	\$ 1,798	\$ 1,759
Other liabilities	\$ 3,244	\$ 2,956	\$ 835	\$ 935	\$ 4,079	\$ 3,891
Long-term liabilities	25,251	24,699	9,049	10,001	34,300	34,700
Total Liabilities	\$ 28,495	\$ 27,655	\$ 9,884	\$ 10,936	\$ 38,379	\$ 38,591
Net difference projected and actual earnings pension plan	\$ 2,377	\$ 1,554	\$ 358	\$ 247	\$ 2,735	\$ 1,801
Deferred tax revenue	4,548	4,345	-	-	4,548	4,345
Total Deferred Inflows of Resources	\$ 6,925	\$ 5,899	\$ 358	\$ 247	\$ 7,283	\$ 6,146
Net investment in capital assets	\$ 115,739	\$ 116,147	\$ 33,473	\$ 32,161	\$ 149,212	\$ 148,308
Restricted	2,541	7,440	-	-	2,541	7,440
Unrestricted	11,016	3,225	405	274	11,421	3,499
Total Net Position	\$ 129,296	\$ 126,812	\$ 33,878	\$ 32,435	\$ 163,174	\$ 159,247

*2015 restated see note 19

The Town's combined net position increased from \$159,248,061 (as restated) to \$163,173,241. This increase is primarily due to several large capital projects not getting underway in 2016 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 \$11,420,739. Net invested 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 \$2,541,147; \$566,654 is restricted for the use of perpetual care in the Cemetery Fund and \$1,974,493 is restricted by law, contract or donor restrictions. Of the unrestricted portion \$130,844 is non spendable or prepaid amounts and \$3,742,702 has been assigned for specific use.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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, 2015 and 2016
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015*	2016	2015*	2016	2015*
Revenues:						
Program Revenues:						
Charges for services	3,837	2,724	8,825	7,629	12,662	10,353
Operating grants and contributions	4,266	4,237			4,266	4,237
Capital grants and contributions	780		96	125	876	125
General Revenues:						
Property taxes	4,065	3,659			4,065	3,659
Local portion of state sales tax	1,876	1,810			1,876	1,810
Business, Professional & occupational license tax	2,367	2,236			2,367	2,236
Utility taxes	583	585			583	585
Franchise taxes	788	726			788	726
Prepared food and beverage tax	6,640	6,357			6,640	6,357
Commonwealth share-personal property tax	229	229			229	229
Cigarette taxes	563	554			563	554
E-911 & communication taxes	902	933			902	933
Transient room taxes	1,547	1,410			1,547	1,410
Other taxes	500	512			500	512
Interest and investment income	482	302	-	-	482	302
Fines and forfeitures	90	316			90	316
Miscellaneous	520	1,020	-	171	520	1,191
Cemetery	30	30			30	30
Payments from Other Governmental State and Federal	439	1,036			439	1,036
Total Revenues	30,504	28,676	8,921	7,925	39,425	36,601
Expenses						
General Government	2,865	2,748			2,865	2,748
Public Safety	9,217	8,583			2,865	8,583
Public works	9,353	9,810			9,217	9,810
Health and Welfare	3	3			9,353	3
Parks, Recreation and Cultural	4,713	4,803			4,713	4,803
Community Development	1,535	1,520			1,535	1,520
Interest and fiscal Charges	335	290			335	290
Water			7,479	7,319	7,479	7,319
Total Expenses	28,021	27,757	7,479	7,319	38,362	35,076
Change in net position	2,483	919	1,442	606	3,925	1,525
Net position, beginning	126,813	117,850	32,436	33,600	159,249	151,450
Prior period adjustments	-	8,044	-	(1,770)	-	6,274
Net position, ending	129,296	126,813	33,878	32,436	163,174	159,249

*2015 restated see note 19

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 \$3,287,791.

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 52% 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 13% of the governmental activities revenues.

Public Safety expenses comprised approximately 33% 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 33% 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 government 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 and compensated absences.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

For the fiscal year ended June 30, 2016, the governmental funds reflect a total fund balance of \$25,924,941. Of this amount, \$19,510,248 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. Which was 65%

The General Fund balance increased by \$2,586,897 during the fiscal year ending June 30, 2016 primarily due to capital projects not being completed as planned during the year and revenues being slightly higher than expected.

The Special Revenue fund balance increased by \$9,621 from the prior year; this was the net effect of a number of transactions within the special revenue funds. Expenditures were approximately equal to expenditures in the current year. Prior years saw large increases in the special revenue fund balances primarily from collection of EMS recovery of funds from insurance.

Local taxes generated the majority of General Fund revenue, totaling approximately \$19.3 million in fiscal year ending June 30, 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Intergovernmental revenue is the second largest source of General Fund revenues, generating approximately \$5.1 million in fiscal year ending June 30, 2016. 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 \$1,521,734. This was primarily due to an increase in state funding for street maintenance, slightly higher than expected meals, lodging taxes and business and occupational license fees, and better investments earnings.

General Fund expenditures were less than the budgeted amount by \$1,365,936 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, 2016, the Town's capital assets for its governmental and business-type activities amounted to \$170,054,640 (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 increase (additions less retirements and depreciation) in the Town's investment in capital assets for the current fiscal year was \$1,445,833. This increase was primarily from additions to the water and sewage system, acquisition of new land along with building improvements of totaling \$10,426,203, net of depreciation on older assets and the restatement of infrastructure (streets and highways).

Capital Assets, Net of Depreciation
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015*	2016	2015*	2016	2015*
Land	8,149	6,659	12	12	8,161	6,671
Construction in progress	810	314	17	2,050	827	2,364
Building and Improvement	25,756	24,325	39,517	37,574	65,273	61,899
Machinery & Equipment	5,311	5,186	1,148	733	6,459	5,919
Infrastructure	89,334	91,756			89,334	91,756
Total	129,360	128,240	40,694	40,369	170,054	168,609

*2015 restated for infrastructure

The changes in each category of Capital Assets are presented in detail in note 7 of the notes to financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Major capital asset events during the fiscal year included the following: Completion of the third floor at the police department \$1,063,350; the downtown street scape project \$584,000; replacement of pac units and resurfacing the pool deck, and alligator slide \$133,000 land acquisitions \$2,308,000; construction of a columbarium at the cemetery \$52,000; New lighting at Kiwanis field \$105,000; vehicle replacements for public safety and public works \$714,750; restoration of the streams and culverts \$450,500; Huckleberry Trail expansion \$195,000; extrication gear for rescue and fire \$48,600; new equipment for public works \$117,200; defibrillators for police vehicles \$45,000 and various other improvements to buildings, storm drainage and equipment throughout the town.

LONG-TERM DEBT

At June 30, 2016, the Town's long-term liabilities, not including compensated absences, net OPEB obligation, net pension liability, bond premiums and post closure care costs payable, totaled \$21,167,090; which is comprised of \$13,945,760 related to governmental activities, and \$7,221,330 related to business-type activities. Total debt increased by \$566,205 during the fiscal year. This is the net effect of a new debt issuance for the land acquisitions in the amount of \$2,014,000 advance refunding of bonds \$1,315,000 and debt payments of \$2,762,795.

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 \$21,167,090 (excluding premiums) is well below the legal debt limit of \$212,074,910 (see Table 13 of Statistical Section).

Interest and fiscal charges for fiscal year ending June 30, 2016 were \$272,569 of the total governmental activities expenses and \$236,459 of the enterprise expenses.

For more detailed information about long-term debt refer to note 5 in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic outlook during 2016 has improved over the previous 3 years, the growth has been steady but slow with small increases in some of the tax revenue streams. The unemployment rate has increased slightly from 4.2% to 4.5% as of June 2016. The unemployment rate for the Commonwealth of Virginia is at 3.7% as of June 2016 as compared to the U.S. overall rate of 4.9%.

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 4% over the prior year throughout the County. The Town's distribution of sales tax increased by 4% 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 by only .05%, resulting in a net increase of 4% of the Town's distributive share. Overall, the economic indicator is that retail sales are improving indicating some economic stability going forward.

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 2015 levels. Lodging tax increased by 10% and meals tax increased by 5%.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

In the fiscal year ending, June 30, 2014, we saw an 8% decline in building permits within the Town which indicative of 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. In 2016 we saw another 13% increase in permits over the 2015 levels.

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 2016-2017 budget includes a rate increase for 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. It also institutes a storm water fee that estimated to provide approximately \$1 million dollars in revenue to cover storm water management projects that must be addressed based on state and federal mandates. We have anticipated only moderate increase in revenues due to slow growth demonstrated in the economy and hence 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) 382-9519. The Town's website address is www.christiansburg.org.

Basic Financial Statements

Town of Christiansburg, Virginia
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 25,659,334	\$ -	\$ 25,659,334
Cash and cash equivalents - restricted	2,972,698	-	2,972,698
Investments	255,955	-	255,955
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,716,486	-	4,716,486
Accounts receivable	977,226	871,202	1,848,428
Internal balances	(2,320,640)	2,320,640	-
Due from other governmental units	1,395,816	-	1,395,816
Prepaid expenses	130,844	4,110	134,954
Capital assets not being depreciated:			
Land	8,148,837	12,500	8,161,337
Construction in progress	809,665	17,142	826,807
Capital assets, net of accumulated depreciation:			
Buildings and improvements	25,756,212	-	25,756,212
Machinery, equipment, and vehicles	5,311,208	1,148,290	6,459,498
Infrastructure	89,334,457	39,516,329	128,850,786
Total Assets	\$ 163,148,098	\$ 43,890,213	\$ 207,038,311
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	\$ 329,554	\$ -	\$ 329,554
Items related to measurement of net pension liability	1,238,279	229,353	1,467,632
Total Deferred Outflows of Resources	\$ 1,567,833	\$ 229,353	\$ 1,797,186
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,039,850	\$ 670,197	\$ 3,710,047
Customers' deposits	-	387,136	387,136
Accrued interest payable	81,523	77,643	159,166
Unearned revenues	118,314	-	118,314
Noncurrent liabilities:			
Due within one year	1,056,466	1,055,828	2,112,294
Due in more than one year	24,194,506	7,693,244	31,887,750
Total Liabilities	\$ 28,490,659	\$ 9,884,048	\$ 38,374,707
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 4,548,216	\$ -	\$ 4,548,216
Deferred revenue - prepaid taxes	4,300	-	4,300
Items related to measurement of net pension liability	2,377,175	357,858	2,735,033
Total Deferred Inflows of Resources	\$ 6,929,691	\$ 357,858	\$ 7,287,549
NET POSITION			
Net investment in capital assets	\$ 115,738,426	\$ 33,472,929	\$ 149,211,355
Restricted	2,541,147	-	2,541,147
Unrestricted (deficit)	11,016,008	404,731	11,420,739
Total Net Position	\$ 129,295,581	\$ 33,877,660	\$ 163,173,241

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

Town of Christiansburg, Virginia
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		
			Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government administration	\$ 2,865,185	\$ -	\$ 5,260	\$ -	\$ (2,859,925)	\$ (2,859,925)	
Public safety	9,216,920	1,037,404	906,686	-	(7,272,830)	(7,272,830)	
Public works	9,352,889	1,672,738	3,320,209	779,606	(3,580,336)	(3,580,336)	
Health and welfare	3,697	-	-	-	(3,697)	(3,697)	
Parks, recreation, and cultural	4,713,745	1,157,044	-	-	(3,556,701)	(3,556,701)	
Community development	1,534,477	-	33,344	-	(1,501,133)	(1,501,133)	
Interest on long-term debt	334,535	-	-	-	(334,535)	(334,535)	
Total governmental activities	\$ 28,021,448	\$ 3,867,186	\$ 4,265,499	\$ 779,606	\$ (19,109,157)	\$ (19,109,157)	
Business-type activities:							
Water and Sewer	\$ 7,479,021	\$ 8,824,901	\$ -	\$ 95,939	\$ (1,441,819)	\$ 1,441,819	
Total	\$ 35,500,469	\$ 12,692,087	\$ 4,265,499	\$ 875,545	\$ (19,109,157)	\$ 1,441,819	\$ (17,667,338)
General revenues:					\$ 4,293,227	\$ -	\$ 4,293,227
General property taxes							
Other local taxes:							
Local sales and use tax					1,876,235	-	1,876,235
Business license taxes					2,366,398	-	2,366,398
Restaurant food taxes					6,683,891	-	6,683,891
Other local taxes					4,058,108	-	4,058,108
Unrestricted revenues from use of money and property					482,348	-	482,348
Miscellaneous					521,597	-	521,597
Grants and contributions not restricted to specific programs					1,310,714	-	1,310,714
Total general revenues					\$ 21,592,518	\$ -	\$ 21,592,518
Change in net position					\$ 2,483,361	\$ 1,441,819	\$ 3,925,180
Net position - beginning, as restated					126,812,220	32,435,841	159,248,061
Net position - ending					\$ 129,295,581	\$ 33,877,660	\$ 163,173,241

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

Town of Christiansburg, Virginia
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 25,659,334	\$ -	\$ 25,659,334
Cash and cash equivalents - restricted	-	2,972,698	2,972,698
Investments	255,955	-	255,955
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,716,486	-	4,716,486
Accounts receivable	977,226	-	977,226
Due from other funds	-	32,789	32,789
Due from other governmental units	507,693	888,123	1,395,816
Prepaid items	130,844	-	130,844
Total assets	<u>\$ 32,247,538</u>	<u>\$ 3,893,610</u>	<u>\$ 36,141,148</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,738,117	\$ 301,733	\$ 3,039,850
Due to other funds	1,421,013	932,416	2,353,429
Unearned revenue	-	118,314	118,314
Total liabilities	<u>\$ 4,159,130</u>	<u>\$ 1,352,463</u>	<u>\$ 5,511,593</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 4,700,314	\$ -	\$ 4,700,314
Unearned revenue	4,300	-	4,300
Total deferred inflows of resources	<u>\$ 4,704,614</u>	<u>\$ -</u>	<u>\$ 4,704,614</u>
FUND BALANCES			
Nonspendable	\$ 130,844	\$ 566,654	\$ 697,498
Restricted	-	1,974,493	1,974,493
Assigned	3,742,702	-	3,742,702
Unassigned	19,510,248	-	19,510,248
Total fund balances	<u>\$ 23,383,794</u>	<u>\$ 2,541,147</u>	<u>\$ 25,924,941</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,247,538</u>	<u>\$ 3,893,610</u>	<u>\$ 36,141,148</u>

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

Town of Christiansburg, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	25,924,941
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 8,148,837		
Buildings and system	25,756,212		
Machinery and equipment	5,311,208		
Infrastructure	89,334,457		
Construction in progress	<u>809,665</u>		129,360,379

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Deferred revenue-property taxes	\$ 152,098		
Items related to measurement of net pension liability	<u>(2,377,175)</u>		(2,225,077)

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.		1,238,279
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	\$ (13,951,507)		
Net pension liability	(7,711,697)		
Deferred loss on refunding	329,554		
Landfill liability	(193,065)		
Accrued interest payable	(81,523)		
Net OPEB obligation	(743,311)		
Compensated absences	<u>(2,651,392)</u>		(25,002,941)

Net position of governmental activities	\$	<u><u>129,295,581</u></u>
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The notes to the financial statements are an integral part of this statement.

Town of Christiansburg, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General <u>Fund</u>	Other Governmental <u>Funds</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 4,333,618	\$ -	\$ 4,333,618
Other local taxes	14,984,632	-	14,984,632
Permits, privilege fees, and regulatory licenses	267,369	-	267,369
Fines and forfeitures	95,980	-	95,980
Revenue from the use of money and property	458,249	24,099	482,348
Charges for services	2,738,687	765,150	3,503,837
Miscellaneous	232,591	289,006	521,597
Recovered costs	4,201	-	4,201
Intergovernmental:			
Commonwealth	5,139,220	306,727	5,445,947
Federal	-	909,872	909,872
Total revenues	<u>\$ 28,254,547</u>	<u>\$ 2,294,854</u>	<u>\$ 30,549,401</u>
EXPENDITURES			
Current:			
General government administration	\$ 5,067,749	\$ -	\$ 5,067,749
Public safety	8,962,919	1,236,567	10,199,486
Public works	6,181,436	619,731	6,801,167
Health and welfare	3,697	-	3,697
Parks, recreation, and cultural	4,444,127	471,672	4,915,799
Community development	1,521,739	-	1,521,739
Capital projects	-	565,978	565,978
Debt service:			
Principal	560,440	-	560,440
Bond issuance costs	30,883	-	30,883
Interest and other fiscal charges	272,569	-	272,569
Total expenditures	<u>\$ 27,045,559</u>	<u>\$ 2,893,948</u>	<u>\$ 29,939,507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,208,988</u>	<u>\$ (599,094)</u>	<u>\$ 609,894</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 653,005	\$ 653,005
Transfers out	(653,005)	-	(653,005)
Payment to refunded bond escrow agent	(1,298,086)	-	(1,298,086)
Issuance of advance refunding bonds	1,315,000	-	1,315,000
Issuance of general obligation bonds	2,014,000	-	2,014,000
Total other financing sources (uses)	<u>\$ 1,377,909</u>	<u>\$ 653,005</u>	<u>\$ 2,030,914</u>
Net change in fund balances	\$ 2,586,897	\$ 53,911	\$ 2,640,808
Fund balances - beginning, as restated	<u>20,796,897</u>	<u>2,487,236</u>	<u>23,284,133</u>
Fund balances - ending	<u>\$ 23,383,794</u>	<u>\$ 2,541,147</u>	<u>\$ 25,924,941</u>

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

Town of Christiansburg, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,640,808
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 6,054,992	
Depreciation expense	<u>(4,934,356)</u>	1,120,636

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in unavailable revenue - property taxes	\$ (40,391)	
(Increase) decrease in deferred inflows of resources related to the net pension liability	<u>(823,564)</u>	(863,955)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of bonds	\$ (3,329,000)	
Principal payments:		
General obligation bonds	<u>1,775,440</u>	(1,553,560)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Increase (decrease) in deferred outflows related to the net pension liability	\$ 15,297	
(Increase) decrease in net pension liability/asset	1,426,230	
(Increase) decrease in compensated absences	(234,176)	
(Increase) decrease in landfill closure liability	(2,711)	
(Increase) decrease in accrued interest payable	27,471	
(Increase) decrease in net OPEB obligation	(117,211)	
Amortization of deferred charge on refunding	(18,308)	
Amortization of bond premium	<u>42,840</u>	<u>\$ 1,139,432</u>

Change in net position of governmental activities	<u><u>\$ 2,483,361</u></u>
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The notes to the financial statements are an integral part of this statement.

Town of Christiansburg, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Accounts receivable, net of allowance for uncollectibles	\$ 871,202
Prepaid items	4,110
Due from other funds	2,320,640
Total current assets	<u>\$ 3,195,952</u>
Noncurrent assets:	
Capital assets:	
Land	\$ 12,500
Construction in progress	17,142
Machinery and equipment	1,148,290
Water system	12,152,957
Waste water system	10,359,989
Waste water treatment plant	17,003,383
Total capital assets	<u>\$ 40,694,261</u>
Total noncurrent assets	<u>\$ 40,694,261</u>
Total assets	<u>\$ 43,890,213</u>
DEFERRED OUTFLOWS OF RESOURCES	
Items related to measurement of net pension liability	<u>\$ 229,353</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 219,228
Customers' deposits	387,136
Accrued interest payable	77,643
Due to Water Authority	450,969
Compensated absences - current portion	34,987
Bonds payable - current portion	1,020,841
Total current liabilities	<u>\$ 2,190,804</u>
Noncurrent liabilities:	
Compensated absences - net of current portion	\$ 314,885
Bonds payable - net of current portion	6,200,491
Net pension liability	1,177,868
Total noncurrent liabilities	<u>\$ 7,693,244</u>
Total liabilities	<u>\$ 9,884,048</u>
DEFERRED INFLOWS OF RESOURCES	
Items related to measurement of net pension liability	<u>\$ 357,858</u>
NET POSITION	
Net investment in capital assets	\$ 33,472,929
Unrestricted	404,731
Total net position	<u><u>\$ 33,877,660</u></u>

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

Town of Christiansburg, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Fund Water and Sewer Fund
OPERATING REVENUES	
Charges for services:	
Water and sewer service fees	7,920,865
Water and wastewater connection fees	694,270
Penalties and other	209,766
Total operating revenues	<u>\$ 8,824,901</u>
OPERATING EXPENSES	
Salaries and wages	1,574,646
Employee benefits	532,323
Purchase of water	1,821,897
Utilities	532,195
Maintenance and repairs	185,580
Depreciation	1,810,513
Materials and supplies	478,304
General and administrative	275,051
Professional services	32,053
Total operating expenses	<u>\$ 7,242,562</u>
Operating income (loss)	<u>\$ 1,582,339</u>
NONOPERATING REVENUES (EXPENSES)	
Interest expense	<u>\$ (236,459)</u>
Total nonoperating revenues (expenses)	<u>\$ (236,459)</u>
Income (loss) before contributions and grants	\$ 1,345,880
Capital contributions and construction grants	<u>95,939</u>
Change in net position	\$ 1,441,819
Net position - beginning, as restated	32,435,841
Net position - ending	<u><u>\$ 33,877,660</u></u>

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

Town of Christiansburg, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Fund Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 9,222,454
Payments to and for employees	(2,301,331)
Payments for goods and services	(3,131,330)
Net cash provided by (used for) operating activities	<u>\$ 3,789,793</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund borrowings	<u>\$ (515,413)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Additions to capital assets	\$ (2,047,760)
Principal payments on bonds	(987,355)
Contributions in aid of construction	7,989
Interest payments	(247,254)
Net cash provided by (used for) capital and related financing activities	<u>\$ (3,274,380)</u>
Net increase (decrease) in cash and cash equivalents	\$ -
Cash and cash equivalents - June 30, 2015	<u>-</u>
Cash and cash equivalents - June 30, 2016	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ 1,582,339</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 1,810,513
(Increase) decrease in accounts receivable	381,790
(Increase) decrease in prepaid items	(1,581)
(Increase) decrease in deferred outflows of resources related to the pension liability	(41,260)
Increase (decrease) in customers' deposits	15,763
Increase (decrease) in accounts payable and accrued liabilities	140,278
Increase (decrease) in due to Water Authority	55,053
Increase (decrease) in compensated absences	9,408
Increase (decrease) in net pension liability	(273,594)
Increase (decrease) in deferred inflows of resources related to the pension liability	111,084
Total adjustments	<u>\$ 2,207,454</u>
Net cash provided by (used for) operating activities	<u><u>\$ 3,789,793</u></u>
Noncash investing, capital, and financing activities:	
Contributions of infrastructure by developers	\$ 87,950

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

TOWN OF CHRISTIANSBURG, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies:

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. 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 2016, the Town paid \$1,821,897 to the Water Authority and has a fiscal year end liability of \$450,969 for purchases of water.

Note 1-Summary of Significant Accounting Policies: (Continued)

A. Financial reporting entity: (Continued)

Jointly Governed Organizations: (Continued)

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 \$447,163 in tipping fees during fiscal year 2016.

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 2016, the Town paid \$50,000 toward operations of the Airport Authority.

New River Valley Airport Commission

The New River Valley Airport Commission (the "Airport Commission") was created by concurrent resolutions of the governing bodies of the Towns of Christiansburg, Dublin, Pulaski, the City of Radford, and the Counties of Giles, Montgomery, and Pulaski. The Airport Commission is governed by a board whereby the governing body of each member jurisdiction appoints one board member. The Airport Commission 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. The Town paid \$15,157 in contribution to the fiscal year 2016 operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies: (Continued)

A. Financial reporting entity: (Continued)

Jointly Governed Organizations: (Continued)

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 2016, the Town paid \$15,700 toward operations of the MPO.

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 2016, the Town paid \$146,102 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 2016, the Town paid \$419,993 toward operations of the Communications Authority.

B. Government-wide financial statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies: (Continued)

B. Government-wide financial statements: (Continued)

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Budgetary basis of accounting

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

1. 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.
2. 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.
3. The public hearing is held at least seven days (State Code 15.1-162 as amended) prior to approval of the budget.
4. 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.
5. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies: (Continued)

C. Budgetary basis of accounting (Continued)

6. 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.
7. The budgetary basis for all funds is in accordance with the modified accrual basis of accounting.
8. Appropriations lapse on June 30 for all Town units.

For the year ended June 30, 2016, no funds had expenditures in excess of their appropriations. In addition, at year end no funds had deficit fund equity.

D. Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

The Town reports the following major governmental funds:

The *general fund* is the primary operating fund of the Town. The fund is used to account for and report for all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income.

The *permanent fund* is 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, 2016, the operational and capital support totaled \$231,293.

Special revenue funds account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Town reports operating grants from the State, Federal and County Government for fire and rescue operations as well as donations to be used for specific purposes as special revenue funds. For the year ended June 30, 2016, the support from the General Fund totaled \$11,343.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital 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, 2016, capital support from the General Fund totaled \$410,269.

The Town reports the following major proprietary fund:

The Town operates a water and sewer system. The activities of the system, including the acquisition, operation, and maintenance of governmental facilities and services that are supported by user charges, are accounted for in the water and sewer fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's water and sewer function 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies: (Continued)

D. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

E. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:

1. Deposits and investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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").

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

2. Property Taxes

Property is assessed at 100% of its fair market value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5th. Personal property taxes are due and collectible annually on December 5th. The Town bills and collects its own property taxes.

3. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$99,222 for the General Fund and \$160,335 for the Enterprise Fund at June 30, 2016. The allowance consists of delinquent taxes in the amount of \$64,155, delinquent garbage bills of \$35,067 and delinquent water/sewer bills of \$160,335.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies: (Continued)E. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:
(Continued)

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Prepaid items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's life is 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 was capitalized in the enterprise fund in the current or prior fiscal year.

Property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	15
Buildings	25-50
Building improvements	25-50
Utility plant and equipment	15-40
Machinery, equipment, and vehicles	5-20
Infrastructure	15-40

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies: (Continued)

E. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:
(Continued)

7. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies: (Continued)

E. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:
(Continued)

6. Pensions

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town'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.

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

9. Fund Equity

The Town reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies: (Continued)

E. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:
(Continued)

9. Fund Equity (Continued)

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance / resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The Town Council has approved a fund balance policy with fund balance goals. Council seeks to maintain an unassigned fund balance of between 35-40% of all expenditures in the preceding year. Expenditures shall include operating expenditures (excluding capital) of the General Fund, Cemetery Fund, and Water and Sewer Fund. If the unassigned fund balance is less than 30% a plan shall be developed to restore the reserves in an acceptable manner.

10. Restricted Assets

The Town has \$2,972,698 in restricted cash that is restricted by grants or donors and held in the Town's special revenue funds.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. One item is the deferred charge 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 of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability. These include contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as an increase/reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note 6.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1-Summary of Significant Accounting Policies: (Continued)

E. Assets, deferred outflows/inflows of resources, liabilities, and net position/fund balance:
(Continued)

11. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected taxes due prior to June 30 and amounts prepaid and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources. Accrual basis also includes amounts due subsequent to June 30. In addition, the net difference between projected and actual earnings on pension plan investments related to the measurement of the net pension asset/liability are reported as deferred inflows of resources. For more detailed information on these items, reference the pension note 6.

12. Net Position

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

13. Net Position Flow Assumption

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

Note 2-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 amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 2-Deposits and Investments: (Continued)

Investments: Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments at June 30, 2016 were held in the Town's name by the Town's custodial bank.

Credit Risk of Debt Securities: The Town has not adopted an investment policy for credit risk. The Town's rated debt investments as of June 30, 2016 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor's rating scale.

Town's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAm</u>
VML/VACO Virginia Investment Pool	\$ 255,955

Redemption Restrictions: The Town is limited to two withdrawals per month.

Fair Value Measurements: Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the above investments at the net asset value (NAV).

Note 3-Due from Other Governmental Units:

The following amounts represent receivables from other governments at year-end:

<u>County of Montgomery, Virginia:</u>	
Local sales tax	\$ 314,366
<u>Commonwealth of Virginia:</u>	
Categorical aid	275,169
Noncategorical aid	193,327
<u>Federal Government:</u>	
Categorical aid	612,954
Total	<u>\$ 1,395,816</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 4-Interfund Activity:

Interfund transfers for the year ended June 30, 2016, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 653,005
Lifesaving and Rescue Fund	89	-
Police Fund	5,694	-
Recreation and Streets Fund	476	-
Cemetery Fund	231,393	-
Capital Projects Fund	415,353	-
Total	<u>\$ 653,005</u>	<u>\$ 653,005</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

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

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 1,421,013	\$ -
Water and Sewer Fund	-	2,320,640
Vol. Fire Dept. Fund	-	22,789
Lifesaving and Rescue Fund	121,929	-
Police Fund	15,934	-
Recreation and Streets Fund	581,504	-
Cemetery Fund	32,806	-
Capital Projects Fund	170,243	-
Total	<u>\$ 2,343,429</u>	<u>\$ 2,343,429</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 5-Long-term Obligations:Governmental Activity Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2016:

	As Restated, Balance July 1, 2015	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2016
General obligation bonds	\$ 12,392,200	\$ 3,329,000	\$ (1,775,440)	\$ 13,945,760
Plus: Bond premium	48,587	-	(42,840)	5,747
Net OPEB obligation (Note 9)	626,100	164,291	(47,080)	743,311
Compensated absences	2,417,216	475,898	(241,722)	2,651,392
Landfill closure/postclosure liability	190,354	2,711	-	193,065
Net pension liability (Note 6)	9,137,927	3,561,726	(4,987,956)	7,711,697
Total	<u>\$ 24,812,384</u>	<u>\$ 7,533,626</u>	<u>\$ (7,095,038)</u>	<u>\$ 25,250,972</u>

For governmental activities, the above long-term obligations are generally liquidated in the General Fund.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2017	\$ 785,580	\$ 236,106
2018	792,840	227,964
2019	807,980	211,825
2020	822,340	196,855
2021	835,700	181,618
2022-2026	9,307,460	447,747
2027-2030	<u>593,860</u>	<u>22,190</u>
Totals	<u>\$ 13,945,760</u>	<u>\$ 1,524,305</u>

The Town issued a \$1,315,000 refunding bond with an interest rate of 1.78%. The Town issued the bond to advance refund \$1,215,000 of the outstanding 2007 lease revenue bond with an interest of 5.00%. The net proceeds, along with other funds, were deposited into an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bond. As a result, the 2007 lease revenue bond is considered defeased, and the Town has removed the liability from the statement of net position.

The advance refunding reduced total debt service payments over the next 12 years by \$198,243. This results in an economic gain (difference between the present values on the old and new debt) of \$175,874.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 5-Long-term Obligations: (Continued)Governmental Activity Obligations: (Continued)

Details of long-term obligations:

	Total Amount	Amount Due Within One Year
<u>General Obligation Bonds:</u>		
\$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%.	\$ 180,000	\$ 90,000
\$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%.	9,445,000	423,400
\$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%. 22% of this bond will be paid out of the general fund with the remainder to be paid out of the water and sewer fund.	991,760	59,180
\$2,014,000 general obligation bond issued September 1, 2015, maturing annually with principal and interest payable semi-annually through August 1, 2025; interest rate is fixed at 2.10%.	2,014,000	183,000
\$1,315,000 general obligation refunding bond issued June 23, 2016, maturing annually with principal and interest payable semi-annually through August 1, 2027; interest rate is fixed at 1.78%.	1,315,000	30,000
Total General Obligation Bonds	\$ 13,945,760	\$ 785,580
Plus: Bond premium	\$ 5,747	\$ 5,747
<u>Other Obligations:</u>		
Landfill closure/postclosure liability	\$ 193,065	\$ -
Net OPEB Obligation	743,311	-
Net pension liability	7,711,697	-
Compensated absences	2,651,392	265,139
Total Other Obligations	\$ 11,299,465	\$ 265,139
Total Long-term Obligations	\$ 25,250,972	\$ 1,056,466

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 5-Long-term Obligations: (Continued)Business-type Activity Obligations:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2016:

	As Restated, Balance July 1, 2015	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2016
General obligation bond	\$ 8,208,687	\$ -	\$ (987,355)	\$ 7,221,332
Compensated absences	340,464	43,454	(34,046)	349,872
Net pension liability	1,451,462	536,622	(810,216)	1,177,868
Total	<u>\$ 10,000,613</u>	<u>\$ 580,076</u>	<u>\$ (1,831,617)</u>	<u>\$ 8,749,072</u>

For the Enterprise Fund, the above long-term obligations are generally liquidated from the Water and Sewer Fund.

Annual requirements to amortize long-term obligations and the related interest are as follows:

Year Ending June 30,	General Obligation Bond	
	Principal	Interest
2017	\$ 1,020,841	\$ 213,740
2018	1,056,109	179,066
2019	882,580	145,115
2020	912,159	115,823
2021	942,563	85,542
2022-2026	1,265,940	236,826
2027-2030	1,141,140	61,503
Totals	<u>\$ 7,221,332</u>	<u>\$ 1,037,615</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 5-Long-term Obligations: (Continued)Business-type Activity Obligations: (Continued)Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$10,311,000 general obligation bond bearing interest at 3.50%, issued April 14, 1999, payable in semi-annual installments of \$363,608 beginning March 1, 2002 with final payment on March 1, 2021.	\$ 3,309,280	\$ 616,742
\$2,800,000 general obligation bond bearing interest at 3.70%, issued June 4, 1998, payable in semi-annual installments of \$103,572 beginning December 1, 1998 with final payment on June 1, 2018.	395,812	194,279
\$4,770,000 general obligation bond bearing interest at 2.65%, issued June 26, 2014, payable in annual principal installments and semi-annual interest installments through August 2, 2019. 78% of this bond will be paid out of the water and sewer fund with the remainder paid out of the general fund.	3,516,240	209,820
Total General Obligation Bonds	<u>\$ 7,221,332</u>	<u>\$ 1,020,841</u>
<u>Other Obligations:</u>		
Net pension liability	\$ 1,177,868	\$ -
Compensated absences	349,872	34,987
Total Other Obligations	<u>\$ 1,527,740</u>	<u>\$ 34,987</u>
Total Long-term Obligations	<u>\$ 8,749,072</u>	<u>\$ 1,055,828</u>

Arbitrage Rebate Compliance:

As of June 30, 2016 and for the year then ended, the Town was not liable for any amounts due under current rules governing arbitrage earnings.

Debt Purpose:

All of the bonds issued in either the governmental activities or business-type activities as listed above were issued for capital projects, land purchases, or refunding bonds previously issued for capital projects.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan:*Plan Description*

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan 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"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	<ul style="list-style-type: none"> 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.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election 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>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election 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>Eligible Members 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"> Political subdivision employees* 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. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) 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>Hybrid Opt-In Election (Cont.) 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>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions 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.</p>	<p>Retirement Contributions 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.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement 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>Cost-of-Living Adjustment (COLA) in Retirement 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>Cost-of-Living Adjustment (COLA) in Retirement <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>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • 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. • 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. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 6-Pension Plan: (Continued)*Plan Description (Continued)*

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	110
Inactive members:	
Vested inactive members	22
Non-vested inactive members	94
Inactive members active elsewhere in VRS	<u>53</u>
Total inactive members	169
Active members	<u>234</u>
Total covered employees	<u><u>513</u></u>

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 Town's contractually required contribution rate for the year ended June 30, 2016 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)

Contributions (Continued)

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 Town were \$1,433,409 and \$1,411,075 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

The Town's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

Inflation	2.5%
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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

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, 2014 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Long-term Expected Rate of Return*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 6-Pension Plan: (Continued)*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town 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.

Changes in Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at June 30, 2014	\$ 40,384,435	\$ 29,795,046	\$ 10,589,389
Changes for the year:			
Service cost	\$ 1,263,483	\$ -	\$ 1,263,483
Interest	2,767,954	-	2,767,954
Differences between expected and actual experience	(2,435,426)	-	(2,435,426)
Contributions - employer	-	1,411,075	(1,411,075)
Contributions - employee	-	529,905	(529,905)
Net investment income	-	1,373,398	(1,373,398)
Benefit payments, including refunds of employee contributions	(1,684,483)	(1,684,483)	-
Administrative expenses	-	(18,251)	18,251
Other changes	-	(292)	292
Net changes	\$ (88,472)	\$ 1,611,352	\$ (1,699,824)
Balances at June 30, 2015	\$ 40,295,963	\$ 31,406,398	\$ 8,889,565

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 6-Pension Plan: (Continued)*Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate*

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Town			
Net Pension Liability (Asset)	\$ 14,765,696	\$ 8,889,565	\$ 4,072,530

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

For the year ended June 30, 2016, the Town recognized pension expense of \$611,675. At June 30, 2016, the Town 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	\$ -	\$ 1,926,986
Change in assumptions	-	-
Change in proportionate shares	34,223	34,223
Net difference between projected and actual earnings on pension plan investments	-	773,824
Employer contributions subsequent to the measurement date	1,433,409	-
Total	\$ 1,467,632	\$ 2,735,033

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6-Pension Plan: (Continued)*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

\$1,433,409 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30

2017	\$	(814,419)
2018		(814,419)
2019		(814,421)
2020		(257,551)
Thereafter		-

Note 7-Capital Assets:

Capital asset activity for the year ended June 30, 2016 was as follows:

	As Restated, Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 6,658,732	\$ 1,490,105	\$ -	\$ 8,148,837
Construction in progress	313,676	699,150	(203,161)	809,665
Total capital assets not being depreciated	<u>\$ 6,972,408</u>	<u>\$ 2,189,255</u>	<u>\$ (203,161)</u>	<u>\$ 8,958,502</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 30,013,179	\$ 2,236,944	\$ -	\$ 32,250,123
Machinery and equipment	13,095,793	1,141,201	(111,033)	14,125,961
Infrastructure	121,169,989	690,753	-	121,860,742
Total capital assets being depreciated	<u>\$ 164,278,961</u>	<u>\$ 4,068,898</u>	<u>\$ (111,033)</u>	<u>\$ 168,236,826</u>
Accumulated depreciation:				
Buildings and improvements	\$ (5,687,613)	\$ (806,298)	\$ -	\$ (6,493,911)
Machinery and equipment	(7,910,291)	(1,015,495)	111,033	(8,814,753)
Infrastructure	(29,413,722)	(3,112,563)	-	(32,526,285)
Total accumulated depreciation	<u>\$ (43,011,626)</u>	<u>\$ (4,934,356)</u>	<u>\$ 111,033</u>	<u>\$ (47,834,949)</u>
Total capital assets being depreciated, net	<u>\$ 121,267,335</u>	<u>\$ (865,458)</u>	<u>\$ -</u>	<u>\$ 120,401,877</u>
Governmental activities capital assets, net	<u>\$ 128,239,743</u>	<u>\$ 1,323,797</u>	<u>\$ (203,161)</u>	<u>\$ 129,360,379</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 7-Capital Assets: (Continued)

	Beginning Balance	Increase	Decrease	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 12,500	\$ -	\$ -	\$ 12,500
Construction in progress	2,049,482	17,142	(2,049,482)	17,142
Total capital assets not being depreciated	<u>\$ 2,061,982</u>	<u>\$ 17,142</u>	<u>\$ (2,049,482)</u>	<u>\$ 29,642</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 3,845,574	\$ 562,631	\$ -	\$ 4,408,205
Utility plant and equipment	65,889,210	3,605,419	-	69,494,629
Total capital assets being depreciated	<u>\$ 69,734,784</u>	<u>\$ 4,168,050</u>	<u>\$ -</u>	<u>\$ 73,902,834</u>
Accumulated depreciation:				
Machinery and equipment	\$ (3,112,736)	\$ (147,179)	\$ -	\$ (3,259,915)
Utility plant and equipment	(28,314,966)	(1,663,334)	-	(29,978,300)
Total accumulated depreciation	<u>\$ (31,427,702)</u>	<u>\$ (1,810,513)</u>	<u>\$ -</u>	<u>\$ (33,238,215)</u>
Total capital assets being depreciated, net	<u>\$ 38,307,082</u>	<u>\$ 2,357,537</u>	<u>\$ -</u>	<u>\$ 40,664,619</u>
Business-type activities capital assets, net	<u><u>\$ 40,369,064</u></u>	<u><u>\$ 2,374,679</u></u>	<u><u>\$ (2,049,482)</u></u>	<u><u>\$ 40,694,261</u></u>

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

Governmental activities:	
General government administration	\$ 158,015
Public safety	543,886
Public works	3,472,853
Parks, recreation, and cultural	743,246
Community development	16,356
Total depreciation expense - governmental activities	<u>\$ 4,934,356</u>
Business type activities:	
Water and Sewer	<u>\$ 1,810,513</u>
Total depreciation expense - business-type activities	<u>\$ 1,810,513</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 8-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 2015-2016, total premiums paid were \$539,089. 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 2015-2016 were \$427,299.

Self-Insurance - The Town established a limited risk management program for health insurance in fiscal year 2015. Premiums are paid into the health plan fund from the Town and are available to pay claims, and administrative costs of the program. During the fiscal year 2016, a total of \$2,282,518 was paid by the Town in benefits and administrative costs. The risk assumed by the Town is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$201,322 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. 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 \$301,907 to mitigate the risk of these claims.

Changes in the claims liability for the current and prior fiscal year are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2015-16	\$ 151,089	\$ 2,332,751	\$ (2,282,518)	\$ 201,322
2014-15	-	1,873,876	(1,722,787)	151,089

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 8-Risk Management: (Continued)

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.

During the fiscal year ended June 30, 2016 the Town received direct funding from the federal and state government as follows:

Law Enforcement funds	\$ 416,572
Street Maintenance funds	3,353,552
Sales Taxes	1,876,235
Non-Categorical State Aid	1,354,586
Federal and State grants	1,367,224
	<u>\$ 8,368,169</u>

Note 9-Other Postemployment Benefits:

From an accrual accounting perspective, the cost of postemployment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. Town of Christiansburg, Virginia recognizes the cost of postemployment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on Town of Christiansburg, Virginia's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

A. Plan Description and Funding Policy

Town of Christiansburg, Virginia administers a single-employer retirement service merit plan ("the Plan"). The Plan provides for an employee retiring under VRS 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. The benefits are governed by Town Council and can be amended through Council action. The Plan does not issue a publicly available financial report.

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. These payments are funded on a pay-as-you-go basis.

Town of Christiansburg, Virginia's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution* of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 9-Other Postemployment Benefits: (Continued)

B. Annual OPEB Cost and Net OPEB Obligation

The following table shows components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 164,808
Interest on net OPEB obligation	25,043
Adjustment to annual required contribution	(25,560)
Annual OPEB cost (expense)	\$ 164,291
Contributions made	(47,080)
Increase in net OPEB obligation	\$ 117,211
Net OPEB obligation - beginning of year	626,100
Net OPEB obligation - end of year	\$ 743,311

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2016	\$ 164,291	28.66%	\$ 743,311
6/30/2015	161,742	30.46%	626,100
6/30/2014	159,193	29.29%	513,630

C. Funded Status and Funding Progress

The funded status of the Plan for the Town as of June 30, 2016, the date of the most recent actuarial, is as follows:

Actuarial accrued liability (AAL)	\$ 1,604,722
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,604,722
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 10,802,760
UAAL as a percentage of covered payroll	14.85%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 9-Other Postemployment Benefits: (Continued)

C. Funded Status and Funding Progress (Continued)

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

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to 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 and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 most recent actuarial valuation, the Unit Credit cost method was used. Under this method, the actuarial present value of projected benefits of every active participant as if the Plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service: inflation at 2.50 percent, investment rate of return at 4.00 percent, and a health care trend rate of 8.00 percent graded to 4.70 percent over 10 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2016 was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 10-Deferred/ Unavailable Revenue:

Deferred and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available.

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 152,098
Tax assessments due after June 30	4,548,216	4,548,216
Prepaid property taxes due after June 30 but paid in advance by taxpayers	4,300	4,300
	\$ 4,552,516	\$ 4,704,614

Note 11-Contingencies:

In October 2002, the Town received a loan/grant of \$675,000 from the Virginia Department of Housing and Community Development for the construction of low income housing for low income at-risk youth. 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 the 20-year term provided that the original purpose continues to be met. In the event that CHP defaults on the terms of the agreement, the funds must be repaid to the Virginia Department of Housing and Community Development by the Town. During fiscal year 2010, the home was converted to other uses and the Virginia Department of Housing and Community Development has approved that change and current use.

Federal programs in which the Town participates were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 12-Commitments:

At June 30, 2016, the Town had the following outstanding construction commitments:

<u>Project</u>	<u>Amount of Contract</u>	<u>Amount Outstanding</u>	<u>Accounts Payable</u>	<u>Retainage Payable</u>
Blue Leaf Stormwater Management	\$ 92,071	\$ 14,447	\$ 57,970	\$ 4,426
Huckleberry Trail Extension	358,767	198,479	76,103	8,436
Downtown Enhancement	1,568,189	1,000,179	166,977	29,895
Police Department Renovations	864,586	-	75,033	-
Total	<u>\$ 2,883,613</u>	<u>\$ 1,213,105</u>	<u>\$ 376,083</u>	<u>\$ 42,757</u>

Note 13-Contributed Capital:

The Town received infrastructure in the Water and Sewer Fund of \$89,750 during the year ended June 30, 2016.

The Town on occasion receives contribution of streets and related infrastructure from developers but did not receive any during fiscal year 2016.

Note 14-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 to record a portion of these closure and postclosure costs as a long-term liability in each period based on landfill capacity used as of each balance sheet date. The Town subsequently closed the landfill and postclosure monitoring is expected to continue for ten years. The \$193,065 liability for postclosure care costs at June 30, 2016 represents the estimated liability based on the usage of 100% of the estimated capacity of the landfill. The liability accrued at June 30, 2016 is based on what it would cost to perform all postclosure care in 2016. Actual costs may differ from this estimate due to inflation, changes in technology, or changes in regulation.

Note 15-Litigation:

As of June 30, 2016, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 16-Fund Balances:

	General Fund	Special Revenue Funds	Cemetery Fund	Total
Nonspendable:				
Perpetual Care	\$ -	\$ -	\$ 566,654	\$ 566,654
Prepaid items	130,844	-	-	130,844
Restricted:				
Law Enforcement	-	76,726	-	76,726
Fire Department	-	733,779	-	733,779
Lifesaving-Rescue Squad	-	991,039	-	991,039
Parks and Recreation	-	172,949	-	172,949
Assigned:				
Fire and Lifesaving	1,724,121	-	-	1,724,121
Public Works	909,476	-	-	909,476
General Administration	546,743	-	-	546,743
Parks and Recreation	562,362	-	-	562,362
Unassigned	19,510,248	-	-	19,510,248
Total	\$ 23,383,794	\$ 1,974,493	\$ 566,654	\$ 25,924,941

Note 17-Subsequent Events:

In July 2016, the Town created a Storm Water enterprise fund to account for its new storm water fee.

In addition, Barry Helms, Town Manager, retired effective June 30, 2016 and Steve Biggs was hired as the new Town Manager effective July 1, 2016.

Note 18-Adoption of Accounting Principles:**Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application***

The Town implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the Town to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the Town's financial statement as a result of the implementation of Statement No. 72. All required disclosures are located in Note 2, as applicable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016Note 18-Adoption of Accounting Principles: (Continued)*Governmental Accounting Standards Board Statement No. 79, Certain External Investment Pools and Pool Participants*

The Town implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the Town's financial statement as a result of the implementation of Statement No. 79.

Governmental Accounting Standards Board Statement No. 82, Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73

The Town early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

Note 19-Restatement of Beginning Balances:

	<u>General Fund</u>	
Fund Balance, July 1, 2015, as previously stated	\$ 23,102,092	
To record accounts receivable from prior period	182,041	
Fund Balance, July 1, 2015, as restated	<u>\$ 23,284,133</u>	
	<u>Governmental</u>	<u>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
Net Position, July 1, 2015, as previously stated	\$ 106,301,346	\$ 32,656,517
Fund balance restatement from above	182,041	
To record capital assets	22,152,509	-
To correct net OPEB obligation	(112,470)	-
To correct compensated absences	(1,711,206)	(220,676)
Net Position, July 1, 2015, as restated	<u>\$ 126,812,220</u>	<u>\$ 32,435,841</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 20-Upcoming Pronouncements:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces 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*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015.

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 20-Upcoming Pronouncements: (Continued)

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

Town of Christiansburg, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
General property taxes	\$ 4,182,981	\$ 4,182,981	\$ 4,333,618	\$ 150,637
Other local taxes	14,316,000	14,316,000	14,984,632	668,632
Permits, privilege fees, and regulatory licenses	182,680	182,680	267,369	84,689
Fines and forfeitures	134,500	134,500	95,980	(38,520)
Revenue from the use of money and property	306,000	306,000	458,249	152,249
Charges for services	2,419,350	2,419,350	2,738,687	319,337
Miscellaneous	193,250	193,250	232,591	39,341
Recovered costs	500	500	4,201	3,701
Intergovernmental:				
Commonwealth	4,997,552	4,997,552	5,139,220	141,668
Total revenues	<u>\$ 26,732,813</u>	<u>\$ 26,732,813</u>	<u>\$ 28,254,547</u>	<u>\$ 1,521,734</u>
EXPENDITURES				
Current:				
General government administration	\$ 5,751,579	\$ 5,751,579	\$ 5,067,749	\$ 683,830
Public safety	9,113,985	9,113,985	8,962,919	151,066
Public works	6,564,934	6,564,934	6,181,436	383,498
Health and welfare	3,697	3,697	3,697	-
Parks, recreation, and cultural	4,585,808	4,585,808	4,444,127	141,681
Community development	1,572,354	1,572,354	1,521,739	50,615
Debt service:				
Principal	560,440	560,440	560,440	-
Bond issuance costs	-	-	30,883	(30,883)
Interest and other fiscal charges	258,698	258,698	272,569	(13,871)
Total expenditures	<u>\$ 28,411,495</u>	<u>\$ 28,411,495</u>	<u>\$ 27,045,559</u>	<u>\$ 1,365,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,678,682)</u>	<u>\$ (1,678,682)</u>	<u>\$ 1,208,988</u>	<u>\$ 2,887,670</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (321,318)	\$ (321,318)	\$ (653,005)	\$ (331,687)
Payment to refunded bond escrow agent	-	-	(1,298,086)	(1,298,086)
Issuance of advance refunding bonds	-	-	1,315,000	1,315,000
Issuance of general obligation bonds	2,000,000	2,000,000	2,014,000	14,000
Total other financing sources (uses)	<u>\$ 1,678,682</u>	<u>\$ 1,678,682</u>	<u>\$ 1,377,909</u>	<u>\$ (300,773)</u>
Net change in fund balances	\$ -	\$ -	\$ 2,586,897	\$ 2,586,897
Fund balances - beginning, as restated	-	-	20,796,897	20,796,897
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,383,794</u>	<u>\$ 23,383,794</u>

Note 1: GAAP serves as the budgetary basis of accounting

Town of Christiansburg, Virginia
Schedule of OPEB Funding Progress
June 30, 2016

Town Other Postemployment Benefits - Retirement Service Merit Plan

Actuarial Valuation Date**	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2016	\$ -	\$ 1,604,722	\$ 1,604,722	0.00%	\$ 10,802,760	14.85%
6/30/2015	-	1,538,070	1,538,070	0.00%	11,302,714	13.61%
6/30/2014	-	1,471,417	1,471,417	0.00%	10,447,884	14.08%

Town of Christiansburg, Virginia
Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios
For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	\$ 1,263,483	\$ 1,218,068
Interest	2,767,954	2,617,701
Differences between expected and actual experience	(2,435,426)	-
Benefit payments, including refunds of employee contributions	(1,684,483)	(1,694,123)
Net change in total pension liability	\$ (88,472)	\$ 2,141,646
Total pension liability - beginning	40,384,435	38,242,789
Total pension liability - ending (a)	\$ 40,295,963	\$ 40,384,435
Plan fiduciary net position		
Contributions - employer	\$ 1,411,075	\$ 1,350,284
Contributions - employee	529,905	521,352
Net investment income	1,373,398	4,047,352
Benefit payments, including refunds of employee contributions	(1,684,483)	(1,694,123)
Administrative expense	(18,251)	(21,472)
Other	(292)	213
Net change in plan fiduciary net position	\$ 1,611,352	\$ 4,203,606
Plan fiduciary net position - beginning	29,795,046	25,591,440
Plan fiduciary net position - ending (b)	\$ 31,406,398	\$ 29,795,046
Town's net pension liability (asset) - ending (a) - (b)	\$ 8,889,565	\$ 10,589,389
Plan fiduciary net position as a percentage of the total pension liability (asset)	77.94%	73.78%
Covered payroll	\$ 11,302,714	\$ 10,424,573
Town's net pension liability (asset) as a percentage of covered payroll	78.65%	101.58%

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

Town of Christiansburg, Virginia
Schedule of Employer Contributions
For the Year Ended June 30, 2016

Date	Contributions in Relation to			Contributions as a % of	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Payroll (4)	Covered Payroll (5)
2016	\$ 1,445,409	\$ 1,445,409	\$ -	\$ 10,802,760	13.38%
2015	1,411,075	1,411,075	-	11,302,714	12.48%
2014	1,359,364	1,359,364	-	10,424,573	13.04%
2013	1,348,406	1,348,406	-	10,340,538	13.04%
2012	1,007,288	1,007,288	-	9,875,371	10.20%
2011	959,909	959,909	-	9,410,868	10.20%
2010	925,194	925,194	-	9,115,214	10.15%
2009	886,540	886,540	-	8,734,388	10.15%
2008	885,022	885,022	-	8,112,023	10.91%
2007	795,523	795,523	-	7,291,687	10.91%

Fiscal year 2016 and 2015 contributions are from Town records and prior contributions are from the VRS actuarial valuation performed each year.

Town of Christiansburg, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2016

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Other Supplementary Information

Town of Christiansburg, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds				Permanent Fund	Capital Projects Fund	
	Volunteer Fire Dept. Fund	Lifesaving and Rescue Fund	Police Department Fund	Recreation and Streets Fund	Cemetery Fund	Capital Projects Fund	Total
ASSETS							
Cash and cash equivalents - restricted	\$ 722,611	\$ 1,120,340	\$ 186,155	\$ 335,792	\$ 607,800	\$ -	2,972,698
Investments	-	-	-	-	-	-	-
Due from other governmental units	-	-	17,316	595,638	-	275,169	888,123
Due from other funds	22,789	-	-	10,000	-	-	32,789
Total assets	<u>\$ 745,400</u>	<u>\$ 1,120,340</u>	<u>\$ 203,471</u>	<u>\$ 941,430</u>	<u>\$ 607,800</u>	<u>\$ 275,169</u>	<u>\$ 3,893,610</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 11,621	\$ 7,372	\$ 2,497	\$ 166,977	\$ 8,340	\$ 104,926	\$ 301,733
Due to other funds	-	121,929	15,934	591,504	32,806	170,243	932,416
Unearned revenue	-	-	108,314	10,000	-	-	118,314
Total liabilities	<u>\$ 11,621</u>	<u>\$ 129,301</u>	<u>\$ 126,745</u>	<u>\$ 768,481</u>	<u>\$ 41,146</u>	<u>\$ 275,169</u>	<u>\$ 1,352,463</u>
FUND BALANCES							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 566,654	\$ -	\$ 566,654
Restricted	733,779	991,039	76,726	172,949	-	-	1,974,493
Total fund balances	<u>\$ 733,779</u>	<u>\$ 991,039</u>	<u>\$ 76,726</u>	<u>\$ 172,949</u>	<u>\$ 566,654</u>	<u>\$ -</u>	<u>\$ 2,541,147</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 745,400</u>	<u>\$ 1,120,340</u>	<u>\$ 203,471</u>	<u>\$ 941,430</u>	<u>\$ 607,800</u>	<u>\$ 275,169</u>	<u>\$ 3,893,610</u>

Town of Christiansburg, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds				Permanent Fund	Capital Projects Fund	
	Volunteer Fire Dept. Fund	Lifesaving and Rescue Fund	Police Department Fund	Recreation and Streets Fund	Cemetery Fund	Capital Projects Fund	Total
REVENUES							
Revenue from the use of money and property	\$ 5,829	\$ 8,437	\$ 176	\$ 3,786	\$ 5,871	\$ -	\$ 24,099
Charges for services	-	667,638	-	-	97,512	-	765,150
Miscellaneous	147,581	104,879	30,695	5,851	-	-	289,006
Intergovernmental:							
Commonwealth	66,687	-	89,415	-	-	150,625	306,727
Federal	7,500	-	273,391	628,981	-	-	909,872
Total revenues	<u>\$ 227,597</u>	<u>\$ 780,954</u>	<u>\$ 393,677</u>	<u>\$ 638,618</u>	<u>\$ 103,383</u>	<u>\$ 150,625</u>	<u>\$ 2,294,854</u>
EXPENDITURES							
Current:							
Public safety	\$ 96,983	\$ 739,931	\$ 399,653	\$ -	\$ -	\$ -	\$ 1,236,567
Public works	-	-	-	619,731	-	-	619,731
Parks, recreation, and cultural	-	-	-	181,186	290,486	-	471,672
Capital projects	-	-	-	-	-	565,978	565,978
Total expenditures	<u>\$ 96,983</u>	<u>\$ 739,931</u>	<u>\$ 399,653</u>	<u>\$ 800,917</u>	<u>\$ 290,486</u>	<u>\$ 565,978</u>	<u>\$ 2,893,948</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 130,614</u>	<u>\$ 41,023</u>	<u>\$ (5,976)</u>	<u>\$ (162,299)</u>	<u>\$ (187,103)</u>	<u>\$ (415,353)</u>	<u>\$ (599,094)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ 89	\$ 5,694	\$ 476	\$ 231,393	\$ 415,353	\$ 653,005
Net change in fund balances	\$ 130,614	\$ 41,112	\$ (282)	\$ (161,823)	\$ 44,290	\$ -	\$ 53,911
Fund balances - beginning	603,165	949,927	77,008	334,772	522,364	-	2,487,236
Fund balances - ending	<u>\$ 733,779</u>	<u>\$ 991,039</u>	<u>\$ 76,726</u>	<u>\$ 172,949</u>	<u>\$ 566,654</u>	<u>\$ -</u>	<u>\$ 2,541,147</u>

Town of Christiansburg, Virginia
 Volunteer Fire Department Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 5,829	\$ 5,829
Miscellaneous	120,270	120,270	147,581	27,311
Intergovernmental:				
Commonwealth	62,000	62,000	66,687	4,687
Federal	2,500	2,500	7,500	5,000
Total revenues	<u>\$ 184,770</u>	<u>\$ 184,770</u>	<u>\$ 227,597</u>	<u>\$ 42,827</u>
EXPENDITURES				
Current:				
Public safety	\$ 184,770	\$ 184,770	\$ 96,983	\$ 87,787
Total expenditures	<u>\$ 184,770</u>	<u>\$ 184,770</u>	<u>\$ 96,983</u>	<u>\$ 87,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,614</u>	<u>\$ 130,614</u>
Net change in fund balances	\$ -	\$ -	\$ 130,614	\$ 130,614
Fund balances - beginning	-	-	603,165	603,165
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 733,779</u>	<u>\$ 733,779</u>

Town of Christiansburg, Virginia
Lifesaving and Rescue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 8,437	\$ 8,437
Charges for services	620,719	620,719	667,638	46,919
Miscellaneous	156,250	156,250	104,879	(51,371)
Intergovernmental:				
Commonwealth	11,000	11,000	-	(11,000)
Total revenues	<u>\$ 787,969</u>	<u>\$ 787,969</u>	<u>\$ 780,954</u>	<u>\$ (7,015)</u>
EXPENDITURES				
Current:				
Public safety	<u>\$ 1,228,969</u>	<u>\$ 1,228,969</u>	<u>\$ 739,931</u>	<u>\$ 489,038</u>
Total expenditures	<u>\$ 1,228,969</u>	<u>\$ 1,228,969</u>	<u>\$ 739,931</u>	<u>\$ 489,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (441,000)</u>	<u>\$ (441,000)</u>	<u>\$ 41,023</u>	<u>\$ 482,023</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 89</u>
Net change in fund balances	<u>\$ (441,000)</u>	<u>\$ (441,000)</u>	<u>\$ 41,112</u>	<u>\$ 482,112</u>
Fund balances - beginning	441,000	441,000	949,927	508,927
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 991,039</u></u>	<u><u>\$ 991,039</u></u>

Town of Christiansburg, Virginia
Police Department Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 176	\$ 176
Miscellaneous	23,202	23,202	30,695	7,493
Intergovernmental:				
Commonwealth	52,670	52,670	89,415	36,745
Federal	178,986	178,986	273,391	94,405
Total revenues	<u>\$ 254,858</u>	<u>\$ 254,858</u>	<u>\$ 393,677</u>	<u>\$ 138,819</u>
EXPENDITURES				
Current:				
Public safety	\$ 274,188	\$ 274,188	\$ 399,653	\$ (125,465)
Total expenditures	<u>\$ 274,188</u>	<u>\$ 274,188</u>	<u>\$ 399,653</u>	<u>\$ (125,465)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (19,330)</u>	<u>\$ (19,330)</u>	<u>\$ (5,976)</u>	<u>\$ 13,354</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>\$ 19,330</u>	<u>\$ 19,330</u>	<u>\$ 5,694</u>	<u>\$ (13,636)</u>
Net change in fund balances	\$ -	\$ -	\$ (282)	\$ (282)
Fund balances - beginning	-	-	77,008	77,008
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,726</u>	<u>\$ 76,726</u>

Town of Christiansburg, Virginia
Recreation and Streets Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,786	\$ 3,786
Miscellaneous	5,200	5,200	5,851	651
Intergovernmental:				
Federal	2,114,533	2,114,533	628,981	(1,485,552)
Total revenues	<u>\$ 2,119,733</u>	<u>\$ 2,119,733</u>	<u>\$ 638,618</u>	<u>\$ (1,481,115)</u>
EXPENDITURES				
Current:				
Public works	\$ 1,855,314	\$ 1,855,314	\$ 619,731	\$ 1,235,583
Parks, recreation, and cultural	986,223	986,223	181,186	805,037
Total expenditures	<u>\$ 2,841,537</u>	<u>\$ 2,841,537</u>	<u>\$ 800,917</u>	<u>\$ 2,040,620</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (721,804)</u>	<u>\$ (721,804)</u>	<u>\$ (162,299)</u>	<u>\$ 559,505</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 148,071	\$ 148,071	\$ 476	\$ (147,595)
Transfers Out	(170,326)	(170,326)	-	170,326
Total other financing sources (uses)	<u>\$ (22,255)</u>	<u>\$ (22,255)</u>	<u>\$ 476</u>	<u>\$ 22,731</u>
Net change in fund balances	<u>\$ (744,059)</u>	<u>\$ (744,059)</u>	<u>\$ (161,823)</u>	<u>\$ 582,236</u>
Fund balances - beginning	744,059	744,059	334,772	(409,287)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 172,949</u>	<u>\$ 172,949</u>

Town of Christiansburg, Virginia
Cemetery Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 5,871	\$ 3,871
Charges for services	90,000	90,000	97,512	7,512
Miscellaneous	600	600	-	(600)
Total revenues	<u>\$ 92,600</u>	<u>\$ 92,600</u>	<u>\$ 103,383</u>	<u>\$ 10,783</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 331,490	\$ 331,490	\$ 290,486	\$ 41,004
Total expenditures	<u>\$ 331,490</u>	<u>\$ 331,490</u>	<u>\$ 290,486</u>	<u>\$ 41,004</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (238,890)</u>	<u>\$ (238,890)</u>	<u>\$ (187,103)</u>	<u>\$ 51,787</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>\$ 268,890</u>	<u>\$ 268,890</u>	<u>\$ 231,393</u>	<u>\$ (37,497)</u>
Net change in fund balances	\$ 30,000	\$ 30,000	\$ 44,290	\$ 14,290
Fund balances - beginning	-	-	522,364	522,364
Fund balances - ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 566,654</u>	<u>\$ 536,654</u>

Town of Christiansburg, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Commonwealth	\$ 2,779,970	\$ 2,779,970	\$ 150,625	\$ (2,629,345)
Total revenues	\$ 2,779,970	\$ 2,779,970	\$ 150,625	\$ (2,629,345)
EXPENDITURES				
Current:				
Capital projects	\$ 5,552,359	\$ 5,552,359	\$ 565,978	\$ 4,986,381
Total expenditures	\$ 5,552,359	\$ 5,552,359	\$ 565,978	\$ 4,986,381
Excess (deficiency) of revenues over (under) expenditures	\$ (2,772,389)	\$ (2,772,389)	\$ (415,353)	\$ 2,357,036
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 92,115	\$ 92,115	\$ 415,353	\$ 323,238
Net change in fund balances	\$ (2,680,274)	\$ (2,680,274)	\$ -	\$ 2,680,274
Fund balances - beginning	2,680,274	2,680,274	-	(2,680,274)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Supporting Schedules

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real Property Tax	\$ 3,205,000	\$ 3,205,000	\$ 3,248,456	\$ 43,456
Real and Personal PSC Tax	65,781	65,781	84,283	18,502
Personal Property Tax	620,000	620,000	679,902	59,902
Mobile Home Tax	4,200	4,200	5,649	1,449
Machinery and Tools Tax	265,000	265,000	280,022	15,022
Penalties	15,000	15,000	22,836	7,836
Interest	8,000	8,000	12,470	4,470
Total general property taxes	\$ 4,182,981	\$ 4,182,981	\$ 4,333,618	\$ 150,637
Other local taxes:				
Local sales and use taxes	\$ 1,860,000	\$ 1,860,000	\$ 1,876,235	\$ 16,235
Consumers' utility taxes	570,000	570,000	583,143	13,143
Cigarette tax	570,000	570,000	562,770	(7,230)
Business license taxes	2,171,000	2,171,000	2,366,398	195,398
Consumption taxes	150,000	150,000	126,827	(23,173)
Motor vehicle licenses	512,000	512,000	577,415	65,415
Bank stock taxes	660,000	660,000	660,843	843
Lodging taxes	1,411,000	1,411,000	1,547,110	136,110
Restaurant food taxes	6,412,000	6,412,000	6,683,891	271,891
Total other local taxes	\$ 14,316,000	\$ 14,316,000	\$ 14,984,632	\$ 668,632
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 80,000	\$ 80,000	\$ 142,722	\$ 62,722
Zoning permits	13,000	13,000	8,560	(4,440)
Permits and other licenses	89,680	89,680	116,087	26,407
Total permits, privilege fees, and regulatory licenses	\$ 182,680	\$ 182,680	\$ 267,369	\$ 84,689
Fines and forfeitures:				
Court fines and forfeitures	\$ 134,500	\$ 134,500	\$ 95,980	\$ (38,520)
Revenue from use of money and property:				
Revenue from use of money	\$ 135,000	\$ 135,000	\$ 240,599	\$ 105,599
Revenue from use of property	171,000	171,000	217,650	46,650
Total revenue from use of money and property	\$ 306,000	\$ 306,000	\$ 458,249	\$ 152,249
Charges for services:				
Charges for recreation	\$ 223,500	\$ 223,500	\$ 223,016	\$ (484)
Charges for aquatics	713,950	713,950	833,712	119,762
Charges for Farmer's Market	2,300	2,300	2,804	504
Charges for alarm fees	7,700	7,700	6,417	(1,283)
Charges for refuse collections	1,471,900	1,471,900	1,672,738	200,838
Total charges for services	\$ 2,419,350	\$ 2,419,350	\$ 2,738,687	\$ 319,337

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Schedule 1
Page 2 of 5

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 193,250	\$ 193,250	\$ 232,591	\$ 39,341
Recovered costs:				
Other recovered costs	\$ 500	\$ 500	\$ 4,201	\$ 3,701
Total revenue from local sources	\$ 21,735,261	\$ 21,735,261	\$ 23,115,327	\$ 1,380,066
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 162,000	\$ 162,000	\$ 204,446	\$ 42,446
Mobile home titling tax	16,000	16,000	19,681	3,681
Telecommunications Tax	900,000	900,000	858,034	(41,966)
Personal property tax relief funds	228,552	228,552	228,553	1
Total noncategorical aid	\$ 1,306,552	\$ 1,306,552	\$ 1,310,714	\$ 4,162
Categorical aid:				
Other categorical aid:				
DJCP law enforcement grants	\$ 416,600	\$ 416,600	\$ 416,572	\$ (28)
Litter control grant	5,200	5,200	5,507	307
Street maintenance	3,224,600	3,224,600	3,353,553	128,953
State E911 program	41,400	41,400	43,872	2,472
Military Affairs grants	3,200	3,200	3,742	542
Other categorical aid	-	-	5,260	5,260
Total other categorical aid	\$ 3,691,000	\$ 3,691,000	\$ 3,828,506	\$ 137,506
Total categorical aid	\$ 3,691,000	\$ 3,691,000	\$ 3,828,506	\$ 137,506
Total revenue from the Commonwealth	\$ 4,997,552	\$ 4,997,552	\$ 5,139,220	\$ 141,668
Total intergovernmental	\$ 4,997,552	\$ 4,997,552	\$ 5,139,220	\$ 141,668
Total General Fund	\$ 26,732,813	\$ 26,732,813	\$ 28,254,547	\$ 1,521,734
Special Revenue Funds:				
Volunteer Fire Dept. Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 5,829	\$ 5,829
Miscellaneous:				
Montgomery County, Virginia contributions	\$ 120,270	\$ 120,270	\$ 147,581	\$ 27,311
Total revenue from local sources	\$ 120,270	\$ 120,270	\$ 153,410	\$ 33,140

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Volunteer Fire Dept. Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State Fire Programs	\$ 62,000	\$ 62,000	\$ 66,687	\$ 4,687
Total revenue from the Commonwealth	\$ 62,000	\$ 62,000	\$ 66,687	\$ 4,687
Revenue from the federal government:				
Categorical aid:				
FEMA grant	\$ 2,500	\$ 2,500	\$ 7,500	\$ 5,000
Total revenue from the federal government	\$ 2,500	\$ 2,500	\$ 7,500	\$ 5,000
Total intergovernmental	\$ 64,500	\$ 64,500	\$ 74,187	\$ 9,687
Total Volunteer Fire Department Fund	\$ 184,770	\$ 184,770	\$ 227,597	\$ 42,827
Lifesaving and Rescue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8,437	\$ 8,437
Charges for services:				
EMS billings	\$ 620,719	\$ 620,719	\$ 667,638	\$ 46,919
Miscellaneous:				
Montgomery County, Virginia contributions	\$ 99,000	\$ 99,000	\$ 99,000	\$ -
Other contributions	57,250	57,250	5,879	(51,371)
Total miscellaneous	\$ 156,250	\$ 156,250	\$ 104,879	\$ (51,371)
Total revenue from local sources	\$ 776,969	\$ 776,969	\$ 780,954	\$ 3,985
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Four for Life grants	\$ 11,000	\$ 11,000	\$ -	\$ (11,000)
Total revenue from the Commonwealth	\$ 11,000	\$ 11,000	\$ -	\$ (11,000)
Total Lifesaving and Rescue Fund	\$ 787,969	\$ 787,969	\$ 780,954	\$ (7,015)
Police Department Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 176	\$ 176

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Police Department Fund: (Continued)				
Miscellaneous:				
Contributions	\$ 6,000	\$ 6,000	\$ 11,704	\$ 5,704
Other miscellaneous	17,202	17,202	18,991	1,789
Total miscellaneous	\$ 23,202	\$ 23,202	\$ 30,695	\$ 7,493
Total revenue from local sources	\$ 23,202	\$ 23,202	\$ 30,871	\$ 7,669
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Police Department grants	\$ 52,670	\$ 52,670	\$ 89,415	\$ 36,745
Total categorical aid	\$ 52,670	\$ 52,670	\$ 89,415	\$ 36,745
Total revenue from the Commonwealth	\$ 52,670	\$ 52,670	\$ 89,415	\$ 36,745
Revenue from the federal government:				
Categorical aid:				
Local Law Enforcement Block Grant	\$ 3,000	\$ 3,000	\$ 1,516	\$ (1,484)
Bullet Proof Vest Grant	4,680	4,680	2,945	(1,735)
Technology Improvement Grant	-	-	9,500	9,500
DMV Select Enforcement Grant	16,000	16,000	11,423	(4,577)
DUI Task Force Grant	13,000	13,000	11,309	(1,691)
Anti-Drug Grant	70,000	70,000	235,072	165,072
Other Police grants	72,306	72,306	1,626	(70,680)
Total categorical aid	\$ 178,986	\$ 178,986	\$ 273,391	\$ 94,405
Total revenue from the federal government	\$ 178,986	\$ 178,986	\$ 273,391	\$ 94,405
Total intergovernmental	\$ 231,656	\$ 231,656	\$ 362,806	\$ 131,150
Total Police Department Fund	\$ 254,858	\$ 254,858	\$ 393,677	\$ 138,819
Recreation and Streets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3,786	\$ 3,786
Miscellaneous:				
Contributions	\$ 5,200	\$ 5,200	\$ 5,851	\$ 651
Total revenue from local sources	\$ 5,200	\$ 5,200	\$ 9,637	\$ 4,437

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Recreation and Streets Fund: (Continued)				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant	\$ 200,000	\$ 200,000	\$ 33,344	\$ (166,656)
Transportation Enhancement Program	1,914,533	1,914,533	595,637	(1,318,896)
Total categorical aid	<u>\$ 2,114,533</u>	<u>\$ 2,114,533</u>	<u>\$ 628,981</u>	<u>\$ (1,485,552)</u>
Total revenue from the federal government	<u>\$ 2,114,533</u>	<u>\$ 2,114,533</u>	<u>\$ 628,981</u>	<u>\$ (1,485,552)</u>
Total intergovernmental	<u>\$ 2,114,533</u>	<u>\$ 2,114,533</u>	<u>\$ 628,981</u>	<u>\$ (1,485,552)</u>
Total Recreation and Streets Fund	<u>\$ 2,119,733</u>	<u>\$ 2,119,733</u>	<u>\$ 638,618</u>	<u>\$ (1,481,115)</u>
Permanent Fund:				
Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 5,871</u>	<u>\$ 3,871</u>
Charges for services:				
Charges for grave openings	\$ 60,000	\$ 60,000	\$ 59,092	\$ (908)
Charges for plots	30,000	30,000	38,420	8,420
Total charges for services	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 97,512</u>	<u>\$ 7,512</u>
Miscellaneous:				
Other miscellaneous	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ (600)</u>
Total Cemetery Fund	<u>\$ 92,600</u>	<u>\$ 92,600</u>	<u>\$ 103,383</u>	<u>\$ 10,783</u>
Capital Projects Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT revenue sharing projects	\$ 2,603,735	\$ 2,603,735	\$ 112,665	\$ (2,491,070)
DEQ stormwater grants	176,235	176,235	37,960	(138,275)
Total categorical aid	<u>\$ 2,779,970</u>	<u>\$ 2,779,970</u>	<u>\$ 150,625</u>	<u>\$ (2,629,345)</u>
Total revenue from the Commonwealth	<u>\$ 2,779,970</u>	<u>\$ 2,779,970</u>	<u>\$ 150,625</u>	<u>\$ (2,629,345)</u>
Total Capital Projects Fund	<u>\$ 2,779,970</u>	<u>\$ 2,779,970</u>	<u>\$ 150,625</u>	<u>\$ (2,629,345)</u>
Total Primary Government	<u>\$ 32,952,713</u>	<u>\$ 32,952,713</u>	<u>\$ 30,549,401</u>	<u>\$ (2,403,312)</u>

Town of Christiansburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Town Council and Town Clerk	\$ 64,811	\$ 64,811	\$ 57,999	\$ 6,812
General and financial administration:				
Town Manager	\$ 3,620,566	\$ 3,620,566	\$ 3,129,453	\$ 491,113
Legal services	55,000	55,000	78,597	(23,597)
Finance/Treasurer	912,734	912,734	880,944	31,790
Audit services	28,000	28,000	21,950	6,050
Human Resources	252,875	252,875	211,902	40,973
Public Relations	131,848	131,848	115,845	16,003
Information Systems	685,745	685,745	571,059	114,686
Total general and financial administration	\$ 5,686,768	\$ 5,686,768	\$ 5,009,750	\$ 677,018
Total general government administration	\$ 5,751,579	\$ 5,751,579	\$ 5,067,749	\$ 683,830
Public safety:				
Law enforcement and traffic control:				
Police	\$ 7,015,193	\$ 7,015,193	\$ 7,131,742	\$ (116,549)
Fire and rescue services:				
Fire department	\$ 940,261	\$ 940,261	\$ 816,465	\$ 123,796
Lifesaving and Rescue Squad	806,612	806,612	690,982	115,630
Total fire and rescue services	\$ 1,746,873	\$ 1,746,873	\$ 1,507,447	\$ 239,426
Inspections:				
Building	\$ 351,919	\$ 351,919	\$ 323,730	\$ 28,189
Total public safety	\$ 9,113,985	\$ 9,113,985	\$ 8,962,919	\$ 151,066
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 4,661,503	\$ 4,661,503	\$ 4,486,165	\$ 175,338
Sanitation and waste removal:				
Refuse collections and disposal	\$ 1,258,179	\$ 1,258,179	\$ 1,169,763	\$ 88,416
Maintenance of general buildings and grounds:				
General properties	\$ 645,252	\$ 645,252	\$ 525,508	\$ 119,744
Total public works	\$ 6,564,934	\$ 6,564,934	\$ 6,181,436	\$ 383,498

Town of Christiansburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare:				
Welfare:				
Contribution to Area Agency on Aging	\$ 3,697	\$ 3,697	\$ 3,697	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 2,416,816	\$ 2,416,816	\$ 2,253,829	\$ 162,987
Aquatic center	2,153,992	2,153,992	2,175,298	\$ (21,306)
Total parks and recreation	\$ 4,570,808	\$ 4,570,808	\$ 4,429,127	\$ 141,681
Cultural enrichment:				
Library	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Total parks, recreation, and cultural	\$ 4,585,808	\$ 4,585,808	\$ 4,444,127	\$ 141,681
Community development:				
Planning and community development:				
Planning department	\$ 258,351	\$ 258,351	\$ 237,779	\$ 20,572
Zoning administration	1,000	1,000	720	280
Planning Commission	13,200	13,200	11,735	1,465
Community development	504,892	504,892	512,730	(7,838)
Farmer's Market	13,400	13,400	12,430	970
Economic development	22,470	22,470	22,470	-
Engineering	759,041	759,041	723,875	35,166
Total planning and community development	\$ 1,572,354	\$ 1,572,354	\$ 1,521,739	\$ 50,615
Total community development	\$ 1,572,354	\$ 1,572,354	\$ 1,521,739	\$ 50,615
Debt service:				
Principal retirement	\$ 560,440	\$ 560,440	\$ 560,440	\$ -
Bond issuance costs	-	-	30,883	(30,883)
Interest and other fiscal charges	258,698	258,698	272,569	(13,871)
Total debt service	\$ 819,138	\$ 819,138	\$ 863,892	\$ (44,754)
Total General Fund	\$ 28,411,495	\$ 28,411,495	\$ 27,045,559	\$ 1,365,936

Town of Christiansburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Volunteer Fire Department Fund:				
Public Safety:				
Fire and rescue services:				
Fire department	\$ 184,770	\$ 184,770	\$ 96,983	\$ 87,787
Total Volunteer Fire Department Fund	\$ 184,770	\$ 184,770	\$ 96,983	\$ 87,787
Lifesaving and Rescue Fund:				
Public Safety:				
Fire and rescue services:				
Lifesaving and Rescue Squad	\$ 1,228,969	\$ 1,228,969	\$ 739,931	\$ 489,038
Total Lifesaving and Resecue Fund	\$ 1,228,969	\$ 1,228,969	\$ 739,931	\$ 489,038
Police Department Fund:				
Public Safety:				
Law enforcement and traffic control:				
Police	\$ 274,188	\$ 274,188	\$ 399,653	\$ (125,465)
Total Police Department Fund	\$ 274,188	\$ 274,188	\$ 399,653	\$ (125,465)
Recreation and Streets Fund:				
Public Works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 1,855,314	\$ 1,855,314	\$ 619,731	\$ 1,235,583
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 986,223	\$ 986,223	\$ 181,186	\$ 805,037
Total Recreation and Streets Fund	\$ 2,841,537	\$ 2,841,537	\$ 800,917	\$ 2,040,620
Permanent Fund:				
Cemetery Fund:				
Parks, recreation, and cultural:				
Cultural enrichment:				
Cemetery	\$ 331,490	\$ 331,490	\$ 290,486	\$ 41,004
Total Cemetery Fund	\$ 331,490	\$ 331,490	\$ 290,486	\$ 41,004

Town of Christiansburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
Capital projects expenditures:				
VDOT revenue sharing projects	\$ 4,769,669	\$ 4,769,669	\$ 119,843	\$ 4,649,826
DEQ stormwater grants	782,690	782,690	446,135	336,555
Total capital projects	<u>\$ 5,552,359</u>	<u>\$ 5,552,359</u>	<u>\$ 565,978</u>	<u>\$ 4,986,381</u>
Total Capital Projects Fund	<u>\$ 5,552,359</u>	<u>\$ 5,552,359</u>	<u>\$ 565,978</u>	<u>\$ 4,986,381</u>
Total Primary Government	<u>\$ 38,824,808</u>	<u>\$ 38,824,808</u>	<u>\$ 29,939,507</u>	<u>\$ 8,885,301</u>

STATISTICAL SECTION

Statistical Section

This part of the Town of Christiansburg Comprehensive Annual Financial Report (CAFR) 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. Information is obtained from this CAFR unless otherwise noted.

Contents		Page
Financial Trends	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. Tables 1-6	106-112
Revenue Capacity	These schedules contain information to help the reader assess the Town's most significant local revenue sources. Tables 7-10	113-116
Debt Capacity	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. Tables 11-13	117-119
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place. Tables 14-15	120-121
Operating Information	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	122-128

Town of Christiansburg, Virginia
Net Position by Component
Last Ten Fiscal Years

	Fiscal Year									
	2016	2015 (2)	2014 (1)	2013	2012	2011	2010	2009	2008	2007
Governmental Activities:										
Net investment in capital assets	\$ 115,738,426	\$ 116,146,817	\$ 96,639,415	\$ 96,771,494	\$ 95,524,065	\$ 99,222,094	\$ 97,268,970	\$ 89,442,245	\$ 81,535,576	\$ 76,303,783
Restricted	1,974,493	7,439,965	6,516,996	6,727,355	6,423,678	6,185,491	289,784	227,903	231,358	-
Unrestricted	11,582,662	3,225,438	14,693,551	11,426,955	13,772,327	12,615,333	14,542,381	20,785,430	23,611,653	25,899,737
Total governmental activities net position	<u>\$ 129,295,581</u>	<u>\$ 126,812,220</u>	<u>\$ 117,849,962</u>	<u>\$ 114,925,804</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>
Business-type Activities:										
Net investment in capital assets	\$ 33,472,929	\$ 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
Unrestricted	404,731	275,465	3,579,672	773,790	97,016	53,593	343,492	186,303	94,382	118,829
Total business-type activities net position	<u>\$ 33,877,660</u>	<u>\$ 32,435,841</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>
Primary Government:										
Net investment in capital assets	\$ 149,211,355	\$ 148,307,193	\$ 126,659,599	\$ 129,356,750	\$ 128,276,986	\$ 130,691,835	\$ 128,448,812	\$ 120,123,597	\$ 110,564,179	\$ 103,857,139
Restricted	1,974,493	7,439,965	6,516,996	6,727,355	6,423,678	6,185,491	289,784	227,903	231,358	-
Unrestricted	11,987,393	3,500,903	18,273,223	12,200,745	13,869,343	12,668,926	14,885,873	20,971,733	23,706,035	26,018,566
Total business-type activities net position	<u>\$ 163,173,241</u>	<u>\$ 159,248,061</u>	<u>\$ 151,449,818</u>	<u>\$ 148,284,850</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>

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

(2) Fiscal year ending 2015 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.

Table 2

Town of Christiansburg, Virginia
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities:										
General Government	\$ 2,865,185	\$ 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
Public Safety	9,216,920	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
Public Works	9,352,889	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
Health and Welfare	3,697	3,521	3,353	3,193	3,193	3,100	3,100	3,040	2,700	2,760
Parks, Recreation, and Culture	4,713,745	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
Community Development	1,534,477	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
Interest on Long Term Debt	334,535	289,866	301,654	525,402	550,881	574,940	60,257	364,675	193,186	128,754
Total governmental activities	\$ 28,021,448	\$ 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
Business-Type Activities:										
Water and Sewer	\$ 7,479,021	\$ 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
Total business-type activities expenses	\$ 7,479,021	\$ 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
Total (primary government) expenses	\$ 35,500,469	\$ 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
Program Revenues										
Governmental activities:										
Charges for Services										
Solid waste collection services	\$ 1,672,738	\$ 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
Public Safety	1,037,404	158,669	147,646	-	-	-	-	-	-	-
Parks, Recreation, and Cultural	1,157,044	1,067,981	992,090	1,021,767	1,001,541	1,022,857	199,813	201,556	200,351	212,362
Operating grants and contributions	4,265,499	4,236,637	4,599,502	575,182	1,137,981	306,981	428,117	-	-	-
Capital grants and contributions	779,606	225	887,040	41,008	8,316	1,325,647	802,659	-	-	-
Total governmental activities program revenues	\$ 8,912,291	\$ 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
Business-Type Activities:										
Charges for Services										
Water and Sewer	\$ 8,824,901	\$ 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
Operating grants and contributions	95,939	-	-	-	-	-	-	-	-	-
Capital Grants and contributions	8,920,840	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
Total business-type activities program revenues	\$ 17,833,131	\$ 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
Net (Expense) Revenue										
Governmental activities	\$ (19,109,157)	\$ (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)
Business-type activities	1,441,819	309,792	29,861	307,092	158,331	(513,730)	(255,599)	(181,932)	(86,288)	(35,218)
Total (primary government net (expense) revenue	\$ (17,667,338)	\$ (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)

(continued)

Table 2

Town of Christiansburg, Virginia
Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	
General Revenues and Other											
Changes in Net Position											
Governmental Activities:											
Taxes											
Property	\$ 4,293,227	\$ 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	
Sales	1,876,235	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	
Prepared Meals	6,683,891	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	
Transient Lodging	1,547,110	1,410,294	1,286,145	1,303,425	919,745	812,331	748,701	851,512	950,000	909,000	
Business Licenses	2,366,398	2,236,295	2,146,259	(1)	-	-	-	-	-	-	
Franchise	709,970	726,136	811,550	(1)	-	-	-	-	-	-	
Cigarette	562,770	554,155	606,416	(1)	-	-	-	-	-	-	
Other	1,238,258	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	
Permits, fees and licenses	-	272,733	157,471	170,580	190,405	131,369	203,998	137,796	191,857	211,538	
Revenues from Use of Property	482,348	231,905	224,381	217,128	218,058	255,366	94,201	115,805	124,071	110,723	
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	
Intergovernmental	1,310,714	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	
Fines and Forfeitures	-	-	(2)	172,565	126,702	95,038	118,559	86,924	95,024	148,523	
Cemetery	-	29,565	44,515	28,930	90,860	103,464	96,735	102,077	28,420	-	
Miscellaneous	521,597	1,020,334	2,212,798	389,461	345,487	375,261	320,188	1,080,845	1,165,147	729,079	
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)	
FY16 Restatement to beginning balances	-	20,510,874	(3)	(136,728)	-	909,580	-	-	-	-	
Special Items	-	-	-	-	-	22,849,102	-	-	-	-	
Total Governmental activities	\$ 21,592,518	\$ 42,047,153	\$ 21,945,709	\$ 22,509,312	\$ 20,904,089	\$ 22,849,102	\$ 19,634,215	\$ 21,457,442	\$ 19,937,337	\$ 19,318,982	
Business-Type activities:											
Grants in Aid of Construction	\$ -	\$ 124,735	\$ 53,489	\$ 45,971	\$ 610,263	\$ 52,700	\$ 74,655	\$ 490,222	\$ 392,711	\$ 508,320	
Miscellaneous	-	171,143	157,460	156,046	147,369	137,934	128,903	121,335	113,561	95,675	
FY16 Restatement to beginning balances	-	(220,676)	-	-	-	323,096	707,721	1,315,045	1,030,816	254,119	
Transfers	-	-	-	-	410,640	-	-	-	-	-	
Total business-type activities	\$ -	\$ 75,202	\$ 210,949	\$ 202,017	\$ 1,168,272	\$ 513,730	\$ 911,279	\$ 1,926,602	\$ 1,537,088	\$ 858,114	
Total primary government	\$ 21,592,518	\$ 42,122,354	\$ 22,156,658	\$ 22,711,329	\$ 22,072,361	\$ 23,362,832	\$ 20,545,494	\$ 23,384,044	\$ 21,474,425	\$ 20,177,096	
Changes in Net Position:											
Governmental activities	\$ 2,483,361	\$ 21,251,137	\$ 3,050,383	\$ (794,266)	\$ (2,302,848)	\$ 5,921,784	\$ 1,645,557	\$ 5,076,990	\$ 3,175,066	\$ 3,816,107	
Business type activities	1,441,819	384,994	240,810	509,109	1,326,603	-	655,680	1,744,670	1,450,800	822,896	
Total primary government	\$ 3,925,180	\$ 21,636,131	\$ 3,291,193	\$ (285,157)	\$ (976,245)	\$ 5,921,784	\$ 2,301,237	\$ 6,821,660	\$ 4,625,866	\$ 4,639,003	

(1) Previously included in Other Taxes

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

(3) A significant portion of this restatement is related to adding infrastructure assets constructed by VDOT for the Town in prior years.

Table 3

Town of Christiansburg, Virginia
Fund Balances - Governmental Funds (1), (2)
Last Ten Fiscal Years

	2016	2015(4)	2014	2013	2012	2011	2010	2009	2008 (3)	2007
General Fund										
Nonspendable										
Restricted	\$ 130,844	\$ 93,355	\$ 26,974	\$ 85,792	\$ 131,851	\$ -	\$ 59,725	\$ -	\$ -	\$ -
Assigned	3,742,702	3,814,143	3,482,088	3,114,299	2,527,638	429,088	373,646	-	-	-
Unassigned	19,510,248	16,889,399	14,606,954	12,060,646	14,120,583	2,199,995	2,069,518	-	-	-
Total General Fund	\$ 23,383,794	\$ 20,796,897	\$ 18,116,016	\$ 15,260,737	\$ 17,228,202	\$ 15,445,663	\$ 13,413,373	\$ 19,503,465	\$ 22,366,890	\$ 24,653,281
All Other Governmental Funds										
Nonspendable	\$ 566,654	\$ 522,364	\$ 484,446	\$ 433,263	\$ 366,676	\$ 359,214	\$ 289,783	\$ 227,903	\$ 201,769	\$ -
Restricted	1,974,493	1,964,871	1,505,228	1,737,118	1,766,802	2,026,335	26,049	-	-	-
Unassigned	-	-	1,574	(2,315)	(2,880)	-	-	-	-	-
Total All Other Governmental Funds	\$ 2,541,147	\$ 2,487,235	\$ 1,991,248	\$ 2,168,066	\$ 2,130,598	\$ 2,385,549	\$ 315,832	\$ 227,903	\$ 201,769	\$ -
Grand Total All Governmental Fund Balances	25,924,941	23,284,132	20,107,264	17,428,803	19,358,800	17,831,212	13,729,205	19,731,368	22,568,659	24,653,281

(1) Modified accrual basis of accounting

(2) For the fiscal year ending June 30, 2011, the Town implemented GASB Statement No. 54 which changed the way fund balances are classified. Fund balances for 2003 through 2010 have been restated to reflect the change.

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

(4) As restated

Table 4

Town of Christiansburg, Virginia
Changes in Fund Balance - Governmental Funds (1)
Last Ten Fiscal Years

	Fiscal Year									
	2016	2015 (3)	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes										
Property	\$ 4,333,618	\$ 3,889,471	\$ 3,554,811	\$ 3,110,613	\$ 3,065,669	\$ 3,006,272	\$ 3,053,658	\$ 2,898,687	\$ 2,775,831	\$ 2,664,913
Sales	1,876,235	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
Prepared Meals	6,683,891	6,357,292	6,119,575	6,163,941	6,119,575	5,407,998	4,503,818	4,617,998	4,617,826	4,432,695
Transient Lodging	1,547,110	1,410,294	1,286,145	1,303,425	919,745	812,331	748,701	851,512	950,000	909,000
Business License	2,366,398	2,236,295	2,146,259	-	-	-	-	-	-	-
Franchise	709,970	726,136	811,550	-	-	-	-	-	-	-
Cigarette	562,770	554,155	606,416	-	-	-	-	-	-	-
Other	1,238,258	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
Permits, fees and licenses	267,369	272,733	157,471	170,580	190,405	131,369	203,998	137,796	191,857	211,538
Revenues from use of property	217,650	231,905	224,381	217,128	218,098	255,366	94,201	115,805	124,071	110,723
Investment earnings	264,698	315,432	237,628	228,040	222,813	254,350	263,518	486,131	1,081,113	1,192,367
Charges for services	3,406,325	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
Intergovernmental	6,355,819	5,305,125	4,992,332	4,415,617	4,806,749	4,118,010	4,645,374	3,749,731	3,520,364	3,419,113
Fines and forfeitures	95,980	158,669	147,646	172,565	126,702	95,038	118,559	86,924	95,025	148,523
Cemetery	97,512	29,565	44,515	28,930	27,905	36,769	24,865	28,420	-	-
Miscellaneous	525,798	994,841	942,622	389,461	343,167	1,503,408	236,187	1,088,110	714,274	611,289
Total Revenues Governmental Funds	\$ 30,549,401	\$ 28,584,138	\$ 27,488,546	\$ 25,658,667	\$ 24,880,918	\$ 24,786,409	\$ 22,161,346	\$ 22,448,040	\$ 21,411,370	\$ 20,357,550
Expenditures										
General Government	\$ 5,067,749	\$ 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
Public Safety	10,199,486	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
Public Works	6,801,167	5,330,341	5,358,991	5,133,789	4,859,519	4,846,285	5,079,978	4,444,111	4,630,843	4,237,338
Health and Welfare	3,697	3,521	3,353	3,193	3,193	3,100	3,100	3,040	2,700	2,760
Parks, Recreation, and Culture	4,915,799	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
Community Development	1,521,739	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
Capital Outlay	565,978	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
Debt Service										
Principal retirement	560,440	767,100	600,000	575,000	550,000	530,000	515,000	490,000	415,000	400,000
Interest and fiscal charges	272,569	276,924	207,461	536,163	561,175	583,981	604,544	623,324	590,851	558,129
Bond issuance cost	30,883	-	31,780	-	-	-	-	-	-	-
Total Expenditures Governmental Funds	\$ 29,939,507	\$ 25,284,891	\$ 26,516,888	\$ 27,451,936	\$ 23,129,367	\$ 21,319,740	\$ 27,539,790	\$ 24,169,268	\$ 25,392,090	\$ 18,209,692
Excess of Revenues over (under) Expenditures	\$ 609,894	\$ 3,299,247	\$ 971,657	\$ (1,793,269)	\$ 1,751,551	\$ 3,466,669	\$ (5,378,444)	\$ (1,721,228)	\$ (3,980,720)	\$ 2,347,858
Other Financing Sources and (Uses)										
Insurance Recoveries	\$ -	\$ 195	\$ 27,075	\$ -	\$ 2,321	\$ 48,852	\$ 84,002	\$ 28,945	\$ 75,800	\$ 76,745
Issuance of Debt	2,014,000	-	1,654,400	-	-	-	-	-	2,050,979	-
Insurance of Refunding Debt	1,315,000	-	9,394,900	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(1,298,086)	-	(9,369,569)	-	-	-	-	-	-	-
Sale of Land	-	-	-	-	-	-	-	-	-	-
Capital Contributions Cemetery	-	-	-	-	-	-	-	83,500	589,694	32,560
Transfers (to) from:								56,948	240,030	-
Water and Sewer Fund	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources and (Uses)	\$ 2,030,914	\$ 195	\$ 1,706,806	\$ -	\$ (226,084)	\$ (323,096)	\$ (707,721)	\$ (1,315,045)	\$ (1,030,816)	\$ (254,119)
Special Items										
Transfer of funds from (to) other organizations	\$ -	\$ -	\$ -	\$ (136,728)	\$ -	\$ 909,580	\$ -	\$ -	\$ -	\$ -
Net Changes in Fund Balance Increases (Decreases)	\$ 2,640,808	\$ 3,299,442	\$ 2,678,463	\$ (1,929,997)	\$ 1,527,588	\$ 4,102,005	\$ (6,002,163)	\$ (2,866,880)	\$ (2,055,033)	\$ 2,203,044
Debt Service as a percentage of noncapital expenditures	3.62%	4.57%	3.73%	5.22%	5.08%	5.64%	5.43%	6.34%	5.64%	5.78%

(1) Modified accrual basis of accounting

(2) Previously included in Other Taxes

(3) As restated

Table 5

Town of Christiansburg, Virginia
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	Charges for Services	Miscellaneous	Inter- governmental	Total	Business-Type Activities Water and Sewer
2015-2016	\$ 4,333,618	\$ 14,984,632	\$ 267,369	\$ 95,980	\$ 482,348	\$ 3,503,837	\$ 525,798	\$ 6,355,819	\$ 30,549,401	\$ 8,824,901
2014-2015	3,589,471	15,120,700	272,733	158,669	511,764	2,565,697	164,506	4,250,618	26,634,158	7,800,301
2013-2014	3,554,811	14,755,286	157,471	147,646	431,073	2,431,854	203,229	3,947,753	25,629,122	7,031,292
2012-2013	3,110,613	14,510,890	170,580	172,565	413,751	2,414,843	270,265	3,821,443	24,884,950	7,114,583
2011-2012	3,065,669	13,383,114	190,405	126,702	413,404	2,433,381	223,909	3,802,224	23,638,808	6,613,507
2010-2011	3,006,273	13,111,979	131,369	95,038	489,477	2,207,153	257,939	3,797,190	23,096,418	5,855,965
2009-2010	3,053,658	12,051,711	203,998	118,559	349,955	1,397,405	227,265	3,685,031	21,087,582	5,932,787
2008-2009	2,898,687	12,382,884	137,796	86,924	592,416	1,399,895	1,088,110	3,749,731	22,336,443	5,602,405
2007-2008	2,775,831	11,666,242	191,857	95,025	1,203,765	1,214,173	714,274	3,520,364	21,381,531	5,395,895
2006-2007	2,664,913	11,006,752	211,538	148,523	1,303,090	1,192,332	611,289	3,419,113	20,557,550	5,188,377

Table 6

Town of Christiansburg, Virginia
General Government Expenditures by Source
Last Ten Fiscal Years

Fiscal Year	General Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Culture	Community Development	Debt Service	Capital Outlay	Total
2015-2016	\$ 5,067,749	\$ 10,199,486	\$ 6,801,167	\$ 3,697	\$ 4,915,799	\$ 1,512,739	\$ 863,892	\$ 565,978	\$ 29,930,507
2014-2015	2,400,235	7,477,105	5,330,341	3,521	3,811,821	1,519,444	1,044,024	1,645,765	23,232,256
2013-2014	2,297,456	7,292,489	5,358,991	3,353	3,699,923	1,251,397	839,241	3,582,482	24,325,332
2012-2013	2,021,703	7,283,535	5,137,107	3,193	3,636,842	1,349,522	1,111,163	5,589,922	26,132,987
2011-2012	1,855,373	7,052,940	4,859,519	3,193	3,569,779	1,276,907	1,111,175	1,792,966	21,521,852
2010-2011	2,077,241	6,661,587	4,848,285	3,100	3,286,646	1,132,826	1,113,981	1,369,232	20,492,898
2009-2010	1,937,708	6,629,215	5,079,978	3,100	2,305,876	1,374,850	1,119,544	7,962,920	26,413,191
2008-2009	1,701,156	6,488,748	4,444,111	3,040	1,845,749	1,258,527	1,113,324	7,188,705	24,043,360
2007-2008	1,618,229	5,909,555	4,630,843	2,700	1,673,455	1,906,079	1,005,851	8,288,726	25,035,438
2006-2007	1,400,715	5,219,119	4,237,338	2,760	1,750,906	1,516,400	958,129	3,124,325	18,209,692

Table 7

Town of Christiansburg, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Calendar Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Unequalized	Public Utility	Equalized	Total Assessed Value	Total Direct Rate(1)	Montgomery County Overlapping Rate (1)
2015-2016	2015	\$ 2,024,104,291	\$ 193,280,940	\$ 62,480,906	\$ 3,674,240	\$ 52,133,700	\$ 193,316	\$ 193,316	2,335,867,393	0.16	0.27
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

Property Tax Rates - Last Ten Years

Fiscal Year	Calendar Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Unequalized	Public Utility	Equalized
2015-2016	2015	.1300	.45	.45	.1300	.1300	\$.45	.45
2014-2015	2014	.1300	.45	.45	.1300	.1300	\$.45	.45
2013-2014	2013	.1300	.45	.45	.1300	.1300	.45	.45
2012-2013	2012	.1126	.45	.45	.1126	.1126	.45	.45
2011-2012	2011	.1126	.45	.45	.1126	.1126	.45	.45
2010-2011	2010	.1126	.45	.45	.1126	.1126	.45	.45
2009-2010	2009	.1126	.45	.45	.1126	.1126	.45	.45
2008-2009	2008	.1126	.45	.45	.1126	.1126	.45	.45
2007-2008	2007	.1126	.45	.45	.1126	.1126	.45	.45
2006-2007	2006	.144	.45	.45	.144	.144	.45	.45
2005-2006	2005	.144	.45	.45	.144	.144	.45	.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.

Table 8

Town of Christiansburg, Virginia
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
2015-2016	\$ 4,283,977	\$ 4,174,250	97.44%	\$ 16,172	\$ 4,190,422	97.82%
2014-2015	3,292,944	3,178,960	96.54%	62,638	3,241,599	98.44%
2013-2014	3,743,915	3,661,201	97.79%	37,507	3,698,708	98.79%
2012-2013	3,292,944	3,246,188	98.58%	49,878	3,296,066	100.09%
2011-2012	3,244,401	3,042,243	93.77%	195,005	3,237,248	99.78%
2010-2011	3,220,032	3,156,754	98.03%	54,612	3,211,366	99.73%
2009-2010	3,139,720	3,083,654	98.21%	48,220	3,131,874	99.75%
2008-2009	3,105,515	3,050,888	98.24%	47,462	3,098,350	99.77%
2007-2008	3,010,307	2,928,389	97.28%	74,958	3,003,347	99.77%
2006-2007	2,871,804	2,836,463	98.77%	31,461	2,867,924	99.86%

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

(2) Includes refunds issued for overpayments and corrections.

Table 9

Town of Christiansburg, Virginia
Principal Property Tax Payers
Last Three Fiscal Years

Taxpayer	Fiscal Year 2016			Fiscal Year 2015			Fiscal Year 2014		
	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	\$ 73,752,400	1	3.64%	62,649,100	1	3.15%	\$ 59,885,700	1	3.01%
Shelor Properties	62,356,000	2	3.08%	62,356,000	2	3.13%	58,410,700	2	2.93%
PR Financing	58,400,000	3	2.89%	58,400,000	3	2.93%	57,205,100	3	2.87%
Appalachian Power	27,292,500	4	1.35%	26,749,900	4	1.34%	26,540,707	5	1.33%
Verizon VA, Inc.	-			25,582,800	5	1.28%	40,309,814	4	2.02%
CENTRO Heritage Spradling Farm	24,815,800	5	1.23%	24,815,800	6	1.25%	23,791,300	6	1.19%
PR New River Owner LP	24,472,800	6	1.21%	24,472,800	7	1.23%	23,032,300	7	1.16%
Wal-Mart	15,831,400	7	0.78%	15,831,400	8	0.80%	15,461,400	8	0.78%
Fralin SP LLC	14,838,800	8	0.73%	-			-		
Backcountry.com	14,432,300	9	0.71%	14,432,300	9	0.72%	14,432,300	9	0.72%
Christiansburg Market Place	12,667,200	10	0.63%	12,667,200	10	0.64%	12,475,200	10	0.63%
	<u>\$ 328,859,200</u>		<u>16.25%</u>	<u>\$ 327,957,300</u>		<u>16.47%</u>	<u>\$ 331,544,521</u>		<u>16.65%</u>

Source: Montgomery County Commissioner of Revenue

Table 10

Town of Christiansburg, Virginia
Water and Sewer Rates
Last Ten Fiscal Years

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<u>WATER</u>										
INSIDE TOWN LIMITS										
4,000 OR LESS	\$ 21.00	\$ 19.00	\$ 18.00	\$ 17.00	\$ 16.00	\$ 13.80	\$ 13.30	\$ 13.00	\$ 12.00	\$ 11.00
2,000 OR LESS*	10.50									
PER THOUSAND FOR NEXT 96,000	5.90	5.50	4.90	4.60	4.40	4.00	3.70	3.55	3.45	3.35
PER THOUSAND FOR NEXT 48,000*	5.90									
PER THOUSAND FOR NEXT 5,900,000	3.50	3.20	2.90	2.60	2.40	2.20	2.20	2.20	2.10	2.10
PER THOUSAND FOR NEXT 2,950,000*	3.50									
OUTSIDE TOWN LIMITS										
4,000 OR LESS	\$ 31.50	\$ 28.50	\$ 27.00	\$ 25.50	\$ 24.00	\$ 20.70	\$ 19.95	\$ 19.50	\$ 18.00	\$ 16.50
2,000 OR LESS*	15.75									
PER THOUSAND FOR NEXT 96,000	8.85	8.25	7.35	6.90	6.60	6.00	5.55	5.32	5.175	5.025
PER THOUSAND FOR NEXT 48,000*	8.85									
PER THOUSAND FOR NEXT 5,900,000	5.25	4.80	4.35	3.90	3.60	3.30	3.30	3.30	3.15	3.15
PER THOUSAND FOR NEXT 2,950,000*	5.25									
<u>SEWER</u>										
INSIDE TOWN LIMITS										
0-4,000	\$ 30.00	\$ 28.00	\$ 28.00	\$ 27.00	\$ 26.00	\$ 23.00	\$ 23.00	\$ 22.00	\$ 20.00	\$ -
2,000 OR LESS*	15.00									
PER THOUSAND FOR NEXT 96,000	8.50	8.50	7.50	7.20	7.00	6.00	5.70	5.65	4.40	-
PER THOUSAND FOR NEXT 48,000*	8.50									
PER THOUSAND FOR NEXT 5,900,000	8.50	-	-	-	-	-	-	-	-	32.00
PER THOUSAND FOR NEXT 2,950,000*	8.50	-	-	-	-	-	-	-	-	4.20
OUTSIDE TOWN LIMITS										
0-4,000	\$ 45.00	\$ 42.00	\$ 42.00	\$ 40.50	\$ 39.00	\$ 34.50	\$ 34.50	\$ 33.00	\$ 30.00	\$ -
2,000 OR LESS	22.50									
PER THOUSAND FOR NEXT 96,000	12.75	12.75	11.25	10.80	10.50	9.00	8.55	8.47	6.60	-
PER THOUSAND FOR NEXT 48,000*	12.75									
PER THOUSAND FOR NEXT 5,900,000	12.75	-	-	-	-	-	-	-	-	48.00
PER THOUSAND FOR NEXT 2,950,000*	12.75	-	-	-	-	-	-	-	-	6.30
<u>GARBAGE</u>										
INSIDE TOWN LIMITS BIMONTHLY	\$ 34.00	\$ 34.00	\$ 34.00	\$ 33.00	\$ 33.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 26.00	\$ 26.00
INSIDE TOWN LIMITS MONTHLY*	17.00									
OUTSIDE TOWN LIMITS BIMONTHLY	51.00	51.00	51.00	49.50	48.00	45.00	45.00	45.00	39.00	39.00
OUTSIDE TOWN LIMITS MONTHLY*	25.50									

* Late in 2016 the Town changed its billing cycle from bimonthly to monthly. Rates and usage amounts were 1/2 of the previous amounts. Minimum usage went from 4000 to 2000 gallons on a monthly basis and the rate was also reduced to 1/2 of the bimonthly rate.

Town of Christiansburg, Virginia
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)	Less:		Gross Bonded Debt	Debt		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						
2015-2016	21,943	\$ 2,335,867	-	\$ -	\$ 21,167,090	-	-	\$ 21,167,090	.0091:1	\$ 964.64
2014-2015	21,805	2,328,401	-	-	20,600,887	-	-	20,600,887	.0090:1	944.78
2013-2014	21,533	2,284,755	-	-	22,176,561	-	-	22,176,561	.0097:1	1,029.89
2012-2013	21,458	2,242,555	-	-	17,483,842	-	-	17,483,842	.0078:1	814.79
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	1,006.63
2008-2009	19,632	2,121,348	-	-	22,329,494	-	-	22,329,494	.0105:1	1,137.40
2007-2008	19,507	2,053,314	-	-	23,431,641	-	-	23,431,641	.0114:1	1,201.19
2006-2007	19,129	1,587,810	-	-	22,467,638	-	-	22,467,638	.0142:1	1,174.53

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

Town of Christiansburg, Virginia
Schedule of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Funds										Business-Type Activities					Total Primary Government	Percentage Personal Income	Per Capita
	General Obligation Debt																	
	1995 General Obligation Note	2014 Revenue Bond Refunding	2014 General Obligation Bond	2014 General Obligation Improvement Bond	2015 General Obligation Bond	2016 General Obligation Bond	2007 Revenue Bond	2004B Revenue Bond	2014 General Obligation Bond	2001 VA Revolving Loan Fund	1998 VA Revolving Loan Fund							
2015-2016	\$ -	\$ 9,170,000	\$ 991,760	\$ 275,000	\$ 2,014,000	\$ 1,315,000	(2) \$ 180,000	\$ -	\$ 3,516,240	\$ 3,309,280	\$ 395,812	\$ 21,167,090	**	**				
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 (1)	275,000	3,720,600	4,480,383	763,642	22,123,925	3.25%	3.25%	1,031			
2012-2013	535,000	-	-	-	-	-	1,635,000	9,340,000	-	5,036,155	937,687	17,483,842	2.64%	2.64%	815			
2011-2012	780,000	-	-	-	-	-	1,710,000	9,595,000	-	5,572,974	1,105,466	18,763,440	2.87%	2.87%	892			
2010-2011	1,015,000	-	-	-	-	-	1,780,000	9,840,000	-	6,091,486	1,267,206	19,993,692	3.32%	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%	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%	4.16%	1,061			
2007-2008	1,660,000	-	-	-	-	-	1,970,000	10,540,000	-	7,543,319	1,718,322	23,431,641	4.39%	4.39%	1,194			
2006-2007	1,855,000	-	-	-	-	-	-	10,760,000	-	7,994,638	1,858,000	22,467,638	4.47%	4.47%	1,152			

Notes:

Population data (See Table 14)

Personal Income data (See Table 14)

** Data not yet available

(1) Balance of 2007 Revenue Bond does not include Net Bond Premium in the amount of \$5,747.

(2) Advance refunded this debt on 6-23-2016

Town of Christiansburg, Virginia
Legal Debt Margin
Last Ten Fiscal Years

Legal Debt Limit: Calculation for the Fiscal Year Ended June 30, 2016																					
10% of assessed value of taxable real estate (1)		\$	2,120,749,101	\$	212,074,910																
Less: Debt applicable to limit																					
Bonds payable		\$	21,172,839																		
Legal margin for creation of additional debt		\$	<u>190,902,071</u>																		
(1) Includes assessed value of Public Service Corporation Real Estate.																					
		Fiscal Year																			
		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007										
Debt limit		\$	212,074,910	\$	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
Total net debt applicable to limit			21,172,839		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
Legal debt margin		\$	<u>233,247,749</u>	\$	<u>226,958,260</u>	\$	<u>226,097,408</u>	\$	<u>212,637,214</u>	\$	<u>214,347,130</u>	\$	<u>211,025,733</u>	\$	<u>204,109,739</u>	\$	<u>209,057,448</u>	\$	<u>204,109,739</u>	\$	<u>171,405,991</u>
Total net debt applicable to the limit as a percentage of debt limit			9.98%		10.01%		10.88%		5.72%		5.97%		6.37%		7.18%		6.72%		7.18%		7.94%

Table 14

Town of Christiansburg, Virginia
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)
2016	21,943	\$ **	\$ **	4.50%
2015	21,805	**	**	4.20%
2014	21,533	3,626,967	31,569	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%

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

Table 15

Town of Christiansburg, Virginia
Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2016		Fiscal Year 2007	
	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	500 to 999 employees	2
Kroger	500 to 999 employees	3	250 to 499 employees	4
Town of Christiansburg	250 to 499 employees	4	250 to 499 employees	9
County of Montgomery	250 to 499 employees	5	250 to 499 employees	5
Shelor Motor Mile, Inc.	250 to 499 employees	6	250 to 499 employees	7
Corning Glass Works	250 to 499 employees	7	250 to 499 employees	8
Wal-Mart	250 to 499 employees	8	250 to 499 employees	3
Community Housing Partners	250 to 499 employees	9	100 to 249 employees	10
Hubbell Lighting	250 to 499 employees	10	250 to 499 employees	6
Food Lion	100 to 249 employees	11	100 to 249 employees	13
Backcountry.com	100 to 249 employees	12	N/A	N/A
Lowes Home Centers, Inc.	100 to 249 employees	13	100 to 249 employees	12
Cracker Barrel Old Country Store	100 to 249 employees	14	100 to 249 employees	17
Target Corp.	100 to 249 employees	15	100 to 249 employees	16
Macado's, Inc.	100 to 249 employees	16	100 to 249 employees	18
The Home Depot	100 to 249 employees	17	100 to 249 employees	21
Red Lobster and The Olive Garden	100 to 249 employees	18	100 to 249 employees	19
Comprehensive Computer Solutions	100 to 249 employees	19	N/A	
Texas Roadhouse	100 to 249 employees	20	50 to 99 employees	23
Panera Bread	100 to 249 employees	21	N/A	na
National Bank of Blacksburg	less than 50	22	50 to 99 employees	22
First National Bank (StellarOne)	less than 50	23	100 to 249 employees	11
Belk's	less than 50	24	N/A	na
Jimmy John's	less than 50	25	N/A	na
Wades Supermarket	less than 50	26	less than 50	24
Manpower International	N/A	N/A	100 to 249 employees	14
Sears Roebuck and Company, Inc.	N/A	N/A	less than 50	29
C&S Door	N/A	N/A	100 to 249 employees	15
Virginia Department of Transportation	less than 50	na	100 to 249 employees	20

Source: Virginia Employment Commission

Town of Christiansburg, Virginia
Full-time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Administration										
Town Manager's office	5.0	5.0	5.0	5.0	8.5	10.5	12.0	6.5	9.0	8.0
Planning	4.0	3.5	3.0	3.0	2.0	3.0	2.0	2.0	2.0	2.0
Treasurer/Finance	13.0	13.0	11.0	11.0	10.0	10.0	10.0	11.0	12.5	12.0
Human Resources	2.0	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.5	1.0
Public Relations	2.0	1.5	1.5	1.5	1.5	1.5	1.0	-	-	-
Information Technology	3.0	3.0	3.0	2.0	1.5	2.0	2.0	-	-	-
Public Safety										
Police	74.0	73.0	73.5	73.5	72.5	73.0	73.0	70.0	71.5	65.5
Fire	3.0	3.0	1.5	1.5	1.5	2.0	2.0	1.5	1.0	1.5
Rescue	3.0	3.5	3.5	3.5	1.0	1.0	1.0	1.0	1.0	1.0
Public Works										
Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sanitation	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Streets	36.0	36.0	36.0	35.0	33.0	35.0	35.0	33.5	34.0	34.0
Water and Sewer	36.0	36.0	36.0	36.0	32.0	36.0	36.0	36.0	36.0	37.0
Plant Operations	11.0	11.0	10.5	10.5	11.5	11.5	11.5	11.0	11.0	11.0
Engineering	11.0	11.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Building Inspections	4.0	4.0	5.0	5.0	4.5	5.0	5.0	4.0	4.0	4.0
Parks and Recreation	79.0	79.0	78.0	79.0	79.0	86.0	86.0	79.5	90.0	77.5
Aquatics	40.0	40.5	40.5	40.5	40.5	34.0	34.0	3.0	-	-
Cemetery	2.0	2.0	1.0	1.0	1.5	2.0	2.0	2.0	1.0	-
Totals	342.0	340.5	333.5	333.5	325.5	337.5	337.5	286.0	298.5	278.5
Fire Department Volunteers	38.0	38.0	37.0	36.0	35.0	35.0	35.0	34.0	35.0	36.0
Rescue Department Volunteers	75.0	75.0	75.0	75.0	75.0	67.0	67.0	67.0	67.0	85.0

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.

Table 17

Town of Christiansburg, Virginia
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Building/zoning permits issued	1436	198	1,738	1,546	1,071	954	896	695	854	918
Conditional use permits approved	9	1	3	3	8	11	11	**	13	9
Rezoning requests approved	3	2	1	3	-	7	8	**	6	2
Streets approved for vacation	-	-	-	4	1	-	-	**	5	9
Amendments to Town Code/Ordinances	2	3	6	13	11	8	6	**	6	6
Public Safety										
Police										
Criminal offenses	1,955	2,133	2,346	2,494	2,810	2,790	2,736	2,946	2,984	2,870
Traffic warrants	4,043	5,211	5,817	7,306	7,258	5,671	5,985	5,884	6,331	5,996
Parking violations	149	88	445	88	424	385	537	330	193	238
Patrol miles driven	574,459	622,187	635,316	632,669	581,393	566,732	527,435	534,832	511,295	488,695
Fire										
Christiansburg calls answered	505	416	484	549	564	527	569	477	487	364
County calls answered	323	317	320	336	280	316	312	312	341	321
Total calls answered	828	733	804	885	844	843	912	789	828	685
Rescue										
Christiansburg calls answered	2,883	2,792	2,596	2,575	2,610	2,287	2,684	2,466	2,206	1,879
County calls answered	1,141	1,195	1,124	1,139	997	1,247	2,142	1,677	1,434	1,301
Total calls answered	4,024	3,987	3,720	3,714	3,607	3,534	4,826	4,143	3,640	3,180
Public Works										
Sanitation										
Trash removal in tons	8,185	7,089	8,671	9,545	8,387	8,727	9,370	9,917	12,831	11,625
Spring and fall cleanup in tons										
Junk	856.56	631.12	592.46	393.66	514.70	383.73	660.17	706.09	825.55	1,064.59
Leaves	870.75	865.75	530.25	821.00	613.50	436.48	576.56	395.77	482.81	572.50
Brush	307.29	446.00	367.64	182.46	249.60	138.96	271.14	188.00	202.60	331.87
Recycling in pounds										
Papers	110,980	685,560	614,980	624,660	568,780	480,106	488,600	573,280	479,020	441,860
Containers	1018,440	471,960	415,940	385,860	350,240	308,960	283,940	246,200	191,000	158,280
Total pounds recycled	1,129,420	1,157,520	1,030,920	1,010,520	919,020	789,066	772,540	819,480	670,020	600,140
Streets										
Principal/minor arterial lane miles	46.93	46.93	46.93	45.75	45.75	45.75	45.75	45.75	45.69	45.69
Principal/minor arterial center lane miles	15.90	15.90	15.90	15.31	15.31	15.31	15.31	15.31	15.31	15.31
Collector/local streets lane miles	206.03	204.03	206.03	202.98	202.98	202.98	202.98	195.72	194.10	191.66
Collector/local streets center lane miles	102.83	102.83	102.83	101.15	101.15	101.15	101.15	97.27	96.71	95.49
Sidewalks installed new and replaced in linear feet	-	-	570	912	1,247	-	-	-	112	1,240
Curb and gutter installed in linear feet	-	-	-	-	343	-	-	-	-	-
Storm drains installed in linear feet	-	874	1,620	128	1,628	615	1,159	1,040	952	802
Street lights installed	7	12	16	33	21	28	22	25	59	15
Street signs new	40	37	49	66	76	39	39	279	131	53
Street signs repaired or replaced	164	507	168	120	310	310	310	140	190	32
Total street signs	726	6,147	6,110	6,061	5,995	5,919	5,919	5,879	5,596	5,447
Water										
New water services installed, net of removed	101	74	70	89	47	57	57	96	105	127
Total water customers in Town	9,825	9,724	9,650	9,580	9,491	9,444	9,387	9,330	9,234	9,129
New water services installed Out of Town	6	4	6	9	2	10	16	14	15	8
Accumulative water services Out of Town	511	505	501	495	486	484	474	458	444	429
Total water services in and Out of Town	10,336	10,229	10,151	10,075	9,977	9,928	9,861	9,788	9,678	9,558

(continued)

Table 17

Town of Christiansburg, Virginia
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Water										
Water consumption in gallons Town System	1,099,990,615	559,161,576	824,099,330	521,310,359	536,192,792	512,486,032	560,896,508	629,847,030	447,839,220	452,457,295
Water consumption in gallons Water Authority Main		-	-	-	-	-	-	-	131,536,990	135,815,290
Montgomery County PSA	632,799.23	34,907,969	54,700,380	97,164,800	129,101,324	106,402,000	102,156,000	101,256,000	106,804,700	54,669,400
Total water consumption	1,123,270,538	594,069,545	878,799,910	618,475,159	665,294,116	618,888,032	663,052,508	731,103,030	686,180,910	642,941,985
New water mains installed in linear feet	1,855	2,314	12,542	1,727	6,400	2,545	2,897	10,211	11,376	18,239
Cumulative water mains, feet	819,881	818,026	815,712	803,170	801,442	795,042	792,497	789,225	779,014	**
Cumulative water mains, miles	155.28	154.93	154.49	152.13	151.79	150.58	150.10	149.47	147.55	**
Sewer										
New service installed in Town, net of service removed	101	74	78	87	43	67	64	84	131	155
Accumulative services in Town	9,033	8,932	8,858	8,780	8,693	8,650	8,583	8,519	8,435	8,304
New sewer service installed Out of Town	4	2	6	9	2	11	15	12	15	10
Accumulative services Out of Town	128	124	122	116	107	105	94	79	67	52
Total sewer services in and out of Town	9,161	9,056	8,980	8,896	8,800	8,755	8,677	8,598	8,502	8,356
New Sanitary Sewer Gravity Mains installed in linear feet	2,152	2,152	1,858	3,015	3,919	12,333	15,555	12,446	9,627	12,310
New Sanitary Sewer Force Mains installed in linear feet	-	-	-	390	-	-	-	-	786	**
Total sewer system lines in linear feet	866,485	810,599	808,447	806,589	803,184	799,265	786,932	771,377	771,377	**
Total sewer system lines in miles	164.11	154.00	153.11	146.72	147.97	151.38	149.04	146.09	146.09	**
Waste Water Treatment Plant										
Gallons collected and treated	1,066,000,000	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
Average number of gallons treated per day	2,900,000	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
Parks and Recreation										
Number of programs offered	101	91	105	94	100	90	90	109	100	101
Youth and community	228	196	210	202	214	194	199	188	182	166
Adult and community	47	47	47	46	46	46	48	47	33	30
Youth athletic	23	27	22	23	18	18	18	10	9	10
Adult athletic	168	136	160	169	162	138	167	162	180	163
Senior citizen	13	10	6	8	5	7	7	7	8	8
Special population	9	7	8	7	8	9	10	14	22	19
Youth special events	8	7	7	8	8	11	12	14	12	13
Adult special events	18	14	15	19	21	23	18	27	32	28
Senior citizen special events	3	1	1	3	2	4	4	5	6	6
Clubs										
Aquatics ***										
Membership packages sold										
Resident	710	457	275	458	664	1,217				
Non resident	1,147	515	314	390	570	809				
Day passes sold	34,025	36,397	28,836	31,274	35,779	42,888				
Birthday parties	206	199	271	315	394	407				
Competitive meets	28	23	28	25	20	25				
Number of classes	1,101	272	237	207	187	238				
Cemetery ****										
Burials	56	82	93	101	70					
Cremations	8	19	15	8	11					
Lots sold	32	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.

Table 18

Town of Christiansburg, Virginia
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety										
Law Enforcement Vehicles Patrol	35	26	26	26	26	26	26	**	**	**
Law Enforcement Vehicles detective and vice	14	12	12	12	12	12	12	**	**	**
Law Enforcement Vehicles ERT and Special operations	4	13	13	13	13	13	13	**	**	**
Law Enforcement Vehicles Administrative	5	4	4	4	3	3	3	**	**	**
Fire Fighting Apparatus	9	7	7	7	6	6	6	6	6	6
Fire Response Vehicles	8	6	6	6	5	5	5	4	4	4
Medical Rescue Ambulances	5	5	5	5	5	5	5	**	**	**
Medical Rescue Extraction Vehicles	4	3	3	3	3	3	3	**	**	**
Medical Rescue Response Vehicles other	6	8	8	8	6	6	6	**	**	**
Public Works										
Sanitation										
Trash Collection Vehicles	5	4	5	5	5	5	5	5	5	**
Streets										
Principal/minor arterial lane miles	46.93	46.93	46.93	45.75	45.75	45.75	45.75	45.75	45.69	45.69
Collector/local streets lane miles	206.03	206.03	206.03	202.98	202.98	202.98	202.98	195.22	194.10	191.66
Traffic lights	12	18	18	18	18	18	18	18	**	**
Street lights	1763	1,756	1,744	1,750	1,725	1,701	1,665	**	**	**
Parks and Recreation										
Indoor Aquatic Center	1	1	1	1	1	1	***	***	***	***
Recreation Center	1	1	1	1	1	1	1	1	1	1
Parks mini parks, large and community	14	13	13	13	13	13	13	13	13	13
Trails (miles)	7.5	4	4	4	**	**	**	**	**	**
Business Type Activities Water and Sewer										
Water Mains (miles)	155.28	154.93	154.49	152.13	151.79	150.58	150.10	149.47	147.55	**
Sewer Mains (miles)	165.21	153.52	153.11	146.72	147.97	151.38	149.04	146.09	146.09	**

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 Christiansburg, Virginia
Proprietary Fund Business-type Activities Water and Sewer Fund Statement of Revenues, Expenses, and Changes in Net Position
Last Ten Fiscal Years

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Operating Revenues										
Charges for Services:										
Water and Sewer Service Fees	\$ 7,920,865	\$ 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
Water and Wastewater Connection Fees	694,270	543,901	360,598	426,634	347,939	371,782	413,644	309,435	568,508	492,529
Penalties and Other	209,766	171,143	157,460	156,046	147,368	137,934	128,903	121,335	113,561	95,675
Total Operating Revenues	\$ 8,824,901	\$ 7,800,300	\$ 7,031,292	\$ 7,114,583	\$ 6,760,875	\$ 5,993,899	\$ 6,061,690	\$ 5,723,740	\$ 5,509,456	\$ 5,284,052
Operating Expenses										
Salaries and Wages	\$ 1,574,646	\$ 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
Employee Benefits	532,323	256,803	183,657	218,388	240,684	198,480	220,894	231,046	228,264	201,817
Water Authority Purchases	1,821,897	1,639,498	1,410,462	1,541,555	1,469,252	1,397,224	1,269,776	1,093,827	970,469	973,921
Utilities	532,195	352,364	384,717	315,547	272,363	286,277	325,957	272,090	178,236	241,113
Repairs and Maintenance	185,580	164,164	173,824	158,658	228,393	282,621	257,696	270,086	291,846	268,173
Depreciation and Amortization	1,810,513	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
Materials and Supplies	478,304	605,214	604,381	514,909	562,506	610,572	537,265	507,036	493,383	441,504
General and Administrative	307,104	384,284	331,204	419,074	247,278	256,950	248,513	129,684	139,773	104,151
Total Operating Expenses	\$ 7,242,562	\$ 7,048,248	\$ 6,619,929	\$ 6,428,903	\$ 6,207,615	\$ 6,098,405	\$ 5,894,188	\$ 5,468,022	\$ 5,144,516	\$ 4,865,314
Operating Income (Loss)	\$ 1,582,339	\$ 752,052	\$ 411,363	\$ 685,680	\$ 553,260	\$ (104,506)	\$ 167,502	\$ 255,718	\$ 364,940	\$ 418,738
Nonoperating Revenues (Expenses)										
Interest and Fiscal Charges	\$ (236,459)	\$ (271,118)	\$ (197,523)	\$ (222,543)	\$ (247,560)	\$ (271,290)	\$ (294,198)	\$ (316,315)	\$ (337,667)	\$ (358,281)
Bond Issuance Costs	-	-	(26,520)	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	\$ (236,459)	\$ (271,118)	\$ (224,043)	\$ (222,543)	\$ (247,560)	\$ (271,290)	\$ (294,198)	\$ (316,315)	\$ (337,667)	\$ (358,281)
Income (Loss) Before Contributions and Transfers	\$ 1,345,880	\$ 480,934	\$ 187,321	\$ 463,137	\$ 305,700	\$ (375,796)	\$ (126,696)	\$ (60,597)	\$ 27,273	\$ 60,457
Capital Contributions										
Transfers In (Out)	95,939	124,736	53,490	45,971	794,819	52,700	74,654	490,222	392,711	508,320
Change in Net Position	\$ 1,441,819	\$ 605,670	\$ 240,811	\$ 509,108	\$ 1,326,603	\$ -	\$ 655,679	\$ 1,744,670	\$ 1,450,800	\$ 822,896
Net Position, Beginning	\$ 32,656,517	\$ 33,599,856	\$ 33,359,045	\$ 32,001,591	\$ 30,674,988	\$ 30,674,988	\$ 30,019,309	\$ 28,274,639	\$ 26,823,839	\$ 26,000,943
Prior Period Adjustment	(220,676)	(1,549,009)	-	848,346	-	-	-	-	-	-
Net Position, Ending	\$ 33,877,660	\$ 32,656,517	\$ 33,599,856	\$ 33,359,045	\$ 32,001,591	\$ 30,674,988	\$ 30,674,988	\$ 30,019,309	\$ 28,274,639	\$ 26,823,839

Table 20

Town of Christiansburg, Virginia
Enterprise Fund Expenses and Bond Payments
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Water										
Personal service -										
Salaries, wages,										
payroll taxes, and										
retirement										
Fringe benefits - insurance	\$ 724,535	\$ 808,435	\$ 702,525	\$ 489,016	\$ 479,746	\$ 454,598	\$ 468,555	\$ 458,717	\$ 490,744	\$ 333,066
Water Authority purchases	138,780	115,705	58,221	57,528	57,603	69,801	73,414	77,921	103,932	81,464
Utilities	1,821,897	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
Repairs & maintenance	11,552	19,289	25,644	22,641	25,056	27,006	28,408	26,996	18,755	21,892
Depreciation & amortization	39,668	44,722	46,236	52,778	93,710	96,786	115,720	84,498	119,841	98,918
Materials & supplies	556,027	366,727	357,654	317,201	362,399	340,940	332,147	313,855	318,787	308,169
General & administrative	198,998	119,413	155,440	132,023	143,576	153,964	105,504	103,345	117,005	146,153
	136,032	135,702	125,930	152,860	62,839	67,990	57,039	32,227	39,403	31,368
Water Totals	\$ 3,647,489	\$ 3,249,451	\$ 2,882,112	\$ 2,765,601	\$ 2,694,181	\$ 2,608,309	\$ 2,450,562	\$ 2,191,386	\$ 2,178,936	\$ 1,994,951
Waste Water Operations										
Personal service -										
Salaries, wages,										
payroll taxes, and										
retirement										
Fringe benefits - insurance	\$ 444,539	\$ 501,699	\$ 590,433	\$ 462,424	\$ 432,286	\$ 420,184	\$ 388,298	\$ 396,544	\$ 305,338	\$ 328,434
Utilities	128,181	78,565	77,686	88,511	111,848	54,942	67,718	77,650	50,431	67,509
Repairs & maintenance	103,877	102,372	108,391	99,401	79,636	80,762	95,479	74,083	43,066	65,367
Depreciation & amortization	70,861	53,303	62,904	60,517	85,171	114,995	72,097	91,444	70,934	88,010
Materials & supplies	451,616	586,172	569,912	563,514	485,288	466,372	458,528	438,349	441,555	424,854
General & administrative	154,658	127,421	104,226	73,088	92,024	156,480	133,397	91,223	66,262	51,432
	119,408	126,609	110,181	135,743	66,487	91,179	68,941	35,928	29,227	18,813
Waste Water Totals	\$ 1,473,140	\$ 1,576,141	\$ 1,623,733	\$ 1,483,198	\$ 1,352,740	\$ 1,384,914	\$ 1,284,458	\$ 1,205,221	\$ 1,006,813	\$ 1,044,419
Waste Water Treatment Plant										
Personal service -										
Salaries, wages,										
payroll taxes, and										
retirement										
Fringe benefits - insurance	\$ 529,123	\$ 587,981	\$ 538,507	\$ 665,379	\$ 663,936	\$ 633,748	\$ 621,538	\$ 619,702	\$ 585,765	\$ 548,510
Utilities	121,811	62,534	47,750	72,349	71,233	73,738	79,762	75,475	73,901	52,844
Repairs & maintenance	416,766	230,703	250,682	193,505	167,671	178,508	202,071	171,011	116,415	153,854
Depreciation & amortization	75,051	66,138	64,684	45,362	49,512	70,840	69,879	94,144	101,071	81,245
Materials & supplies	802,870	794,948	772,652	763,239	763,485	750,439	765,021	737,086	700,356	691,602
General & administrative	124,648	358,380	344,715	309,799	326,905	300,128	298,364	312,468	310,116	243,919
Bond payments- principal	51,664	121,973	95,091	130,471	117,953	97,781	122,533	61,530	71,143	53,970
Bond payments- interest	987,355	755,938	729,816	704,598	680,252	656,747	634,055	612,147	590,997	570,578
Bond issuance cost	247,254	271,118	197,523	222,543	247,560	271,290	294,198	316,315	337,667	358,281
			26,520							
Waste Water Treatment Plant Totals	\$ 3,356,942	\$ 3,249,713	\$ 3,067,940	\$ 3,107,244	\$ 3,068,507	\$ 3,033,219	\$ 3,087,421	\$ 2,999,878	\$ 2,887,431	\$ 2,754,803
Totals										
Personal service -										
Salaries, wages,										
payroll taxes, and										
retirement										
Fringe benefits - insurance	\$ 1,698,197	\$ 1,898,115	\$ 1,831,465	\$ 1,616,818	\$ 1,575,948	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963	\$ 1,381,847	\$ 1,210,010
Water Authority purchases	408,772	256,804	183,657	218,388	240,684	198,481	220,894	221,046	228,264	201,817
Utilities	1,821,897	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
Repairs & maintenance	532,195	352,364	384,717	315,547	272,363	286,276	325,958	272,090	178,236	241,113
Depreciation & amortization	185,580	164,163	173,824	158,658	228,393	282,621	257,696	270,086	291,846	268,173
Materials & supplies	1,810,513	1,747,847	1,700,218	1,643,954	1,611,172	1,557,751	1,555,696	1,489,290	1,460,698	1,424,625
General & administrative	478,304	605,214	604,381	514,909	562,505	610,572	537,265	507,036	493,383	441,504
Bond payments- principal	307,104	384,284	331,202	419,074	247,279	256,950	248,513	129,685	139,773	104,151
Bond payments- interest	987,355	755,938	729,816	704,598	680,252	656,747	634,055	612,147	590,997	570,578
Bond issuance cost	247,254	271,118	197,523	222,543	247,560	271,290	294,198	316,315	337,667	358,281
			26,520							
Totals	\$ 8,477,171	\$ 8,075,305	\$ 7,573,785	\$ 7,356,043	\$ 7,135,428	\$ 7,026,442	\$ 6,822,441	\$ 6,396,485	\$ 6,073,180	\$ 5,794,173

Town of Christiansburg, Virginia
Enterprise Fund Expenses and Bond Payments Breakdown
For the Year Ended June 30, 2016

	Total	Water	Waste Water	Waste Water Treatment Plant
Personal service - Salaries, wages, payroll taxes, and retirement	\$ 1,698,197	\$ 724,535	\$ 444,539	\$ 529,123
Fringe benefits - insurance	408,772	158,780	128,181	121,811
Water Authority purchases	1,821,897	1,821,897	-	-
Utilities	532,195	11,552	103,877	416,766
Repairs & maintenance	185,580	39,668	70,861	75,051
Depreciation & amortization	1,810,513	556,027	451,616	802,870
Materials & supplies	478,304	198,998	154,658	124,648
General & administrative	307,104	136,032	119,408	51,664
Bond payments- principal	987,355	-	-	987,355
Bond payments- interest	247,254	-	-	247,254
Totals \$	\$ 8,477,171	\$ 3,647,489	\$ 1,473,140	\$ 3,356,542

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Christiansburg, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Christiansburg, Virginia's basic financial statements, and have issued our report thereon dated November 11, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Christiansburg, Virginia'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 of Christiansburg, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Christiansburg, Virginia's internal control.

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

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

Purpose of this Report

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

Robinson, Turner, Co. Associates

Blacksburg, Virginia

November 11, 2016

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Members of Town Council
Town of Christiansburg, Virginia

Report on Compliance for Each Major Federal Program

We have audited the Town of Christiansburg, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Christiansburg, Virginia's major federal programs for the year ended June 30, 2016. Town of Christiansburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Christiansburg, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Christiansburg, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Christiansburg, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Christiansburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Town of Christiansburg, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Christiansburg, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Christiansburg, Virginia's internal control over compliance.

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

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

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

Robinson, Turner, & Associates

Blacksburg, Virginia
November 11, 2016

Town of Christiansburg, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Equitable Sharing Program	16.922	VA600300	\$ 35
Bulletproof Vest Partnership Program	16.607	Not available	2,944
Total direct payments			<u>\$ 2,979</u>
Pass Through Payments:			
<i>Virginia Department of Criminal Justice Service:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-Q1020L015	\$ 1,516
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-A3286BY11	9,500
Subtotal Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>\$ 11,016</u>
<i>Bedford County, Virginia:</i>			
ARRA - Internet Crimes Against Children Task Force Program (ICAC)	16.800	Not available	<u>\$ 1,511</u>
Total Department of Justice - pass-through			<u>\$ 12,527</u>
Total Department of Justice			<u>\$ 15,506</u>
Department of Transportation:			
Pass Through Payments:			
<i>Virginia Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	SC-2015-55305-6044	\$ 3,422
State and Community Highway Safety	20.600	SC-2016-56304-6504	7,887
Subtotal State and Community Highway Safety	20.600		<u>\$ 11,309</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2015-55303-6042	\$ 2,558
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2016-56302-6502	8,865
Subtotal Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		<u>\$ 11,423</u>
National Priority Safety Programs	20.616	M2HVE-2015-55188-5927	\$ 115
<i>Montgomery County, Virginia:</i>			
Highway Planning and Construction	20.205	EN09-060-105	128,231
<i>Virginia Department of Transportation:</i>			
Highway Planning and Construction	20.205	EN00-154-122	\$ 467,407
Subtotal Highway Planning and Construction	20.205		<u>\$ 595,638</u>
Total Department of Transportation			<u>\$ 618,485</u>
Department of Homeland Security:			
Pass Through Payments:			
<i>Virginia Department of Emergency Management:</i>			
Emergency Management Performance Grants	97.042	6468	<u>\$ 7,500</u>
Total Department of Homeland Security			<u>\$ 7,500</u>
Department of Treasury:			
Direct Payments:			
Equitable Sharing Program	21.000	VA600300	<u>\$ 207,672</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
<i>Virginia Department of Housing and Community Development:</i>			
Community Development Block Grants/Entitlement Grants	14.218	B12-MC-51-0028	<u>\$ 33,344</u>
Total Expenditures of Federal Awards			<u><u>\$ 882,507</u></u>

Town of Christiansburg, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Christiansburg, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Christiansburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Christiansburg, Virginia.

Note 2 -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.
- (3) The Town did not elect to use the 10 percent de minimus indirect cost rate as it typically only requests direct costs for reimbursement.

Note 3 -- Relationship to the Financial Statements:

Federal expenditures, revenues and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

Special Revenue Funds	\$ 909,872
Unspent federal funds	<u>(27,365)</u>

Total primary government	<u>\$ 882,507</u>
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Total expenditures of federal awards per basic financial statements	<u><u>\$ 882,507</u></u>
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Town of Christiansburg, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Status of Prior Audit Findings

There were no prior audit findings related to federal awards.