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CHRISTIANSBURG VA



TOWN OF CHRISTIANBURG, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

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INTRODUCTORY SECTION



November 9, 2018

**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, 2018.

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, 2018, 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, 2018, 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 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.

Mayor

D. Michael Barber
Town Manager
Randy Wingfield

Town Council

Samuel M. Bishop
Harry Collins
Steve Huppert
Merissa Sachs
Henry Showalter
Bradford J. Stipes

Town of Christiansburg
Letter of Transmittal continued

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

Mayor

D. Michael Barber
Town Manager
Randy Wingfield

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Samuel M. Bishop
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Town of Christiansburg
Letter of Transmittal continued

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 Exhibits 21 - 26. 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 improving and the Town's reserves are stable.

Long-term Financial Planning

In 2016, the Town Council revisited its 2020 Vision, established in 2009, which outlined nine vision statements that guide the short and long-term planning for operations and decisions within the Town. They revised the plan to "Destination 2022" along with the some modifications to the vision statements to include the following 7 goals: An Active Destination for Culture, Recreation & Entertainment; Destination for Retail, Commerce & Service; Clean and Green Healthy and Safe Community; A Town of Well informed and Engaged Citizens; Partnering with Businesses and Residents; A Sound Financial Entity; and Everyone's Hometown.

Each of these goals 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.

Town of Christiansburg
Letter of Transmittal continued

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

The real estate tax rate remained unchanged in the Town for six years and was actually reduced in 2007 from 0.144 per \$100 to a rate of 0.1126 per \$100. In 2013-2014 the tax rate was increased to .13 per \$100 and in 2015-2016 the rate was increased to .16 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 reduce 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 \$ 1,199,714 and employee contributions totaled \$535,587. 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 Town's net pension liability as of the last measurement date of June 30, 2017 is approximately \$8.0 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.

Town of Christiansburg
Letter of Transmittal continued

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 actuarial accrued liability of \$2,038,566 as of the last valuation date of June 30, 2018. This plan is more fully described in the footnotes of the financial statements (Note 9) and Exhibit 11.

Major Initiatives

The utility division began design and implementation of the SCADA system (Supervisory Control and Data Acquisition) to enable real time monitoring of our water and waste water systems. These systems provide emergency notifications if pump stations or critical infrastructure go offline or need immediate attention. These systems reduce the need for personnel to physically go out the various locations to check operations. They are also currently working on upgrading the Ultra Violet Disinfection system upgrade for the effluent discharged to the New River. Design of this project was completed in FY 18 and construction is expected to be completed in FY19 and FY 20.

Engineering Department - During this fiscal year we completed several large infrastructure projects. Approximately 700 square feet of retaining wall was replaced along Pepper Street to provide necessary pedestrian safety upgrades. On Cambria Street, sidewalks were replaced in various locations to maintain ADA compliance.

Approximately 4700 tons of asphalt were placed during the repaving project on North Franklin Street, Cambria Street and Roanoke Street, and street repairs were made on Providence Boulevard and Dunlap Drive.

Approximately 3000 linear feet of new storm drain line was installed in the vicinity of Church, Rigby, and Ellett Streets to reduce flooding in the Cambria area.

All Town-maintained traffic signals were evaluated for efficiency as part of a Signal Optimization Study. A consultant has been procured to assist in creating a pavement and street maintenance management program that will help guide the Engineering Department in future years toward a more efficient street maintenance process.

The Arrowhead Sanitary Sewer Evaluation Study was completed, and will be used to guide future sewer rehabilitation projects in that area in the future. The Downtown Watershed Study was also completed, which will be used to identify future capital improvement projects to address problem areas and reduce flooding in the downtown area.

Town of Christiansburg
Letter of Transmittal continued

Approximately 2000 linear feet of Towne Branch Stream was restored at Depot Park to reduce sediment runoff and improve overall stream health, in support of our Municipal Separate Storm Sewer System (MS4) program.

The oldest water storage tanks in Town (Warren Street) were removed from service and replaced with pressure reducing valves to improve water service to customers in the Clearview Drive and Wades Lane area of Town, and the Putter Lane area in the County.

Management changes

On February 27, 2018 Randy Wingfield was appointed as the Town Manager. He had been serving as the interim town manager since April 18, 2017.

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 in June 2016. The accreditation is provided by the Virginia Law Enforcement Professional Standards Commission and requires regular reviews and recertification of the departments operations. The next review will be in 2020.

The Christiansburg Police Department continues as a Certified Crime Prevention Community. The Town has maintained this certification since 2009.



Officer Allen Klein with the Stop the Bullying Car.

Town of Christiansburg
Letter of Transmittal continued



Chief Sisson with Officer Allen Klein



Downtown Park- This park was dedicated to our Fallen Officers on Wednesday, May 9. A Memorial was installed at the park in honor of our Fallen Police Officers

Town of Christiansburg
Letter of Transmittal continued

The Christiansburg Rescue Squad was recognized by the American Heart Association with the Gold Plus EMS Award for outstanding Achievements in Cardiac Care in both 2017 and 2018. Dustin Williams Assistant Rescue Chief accepted the award on behalf of the agency.



The Christiansburg Fire Department Chief Billy Hanks was honored with the Governor's Virginia Volunteer Fire Chief of the Year Award.

Criteria for the award is a paid or volunteer fire chief that exhibits leadership, innovation, professional development, integrity, along with superior service to the public and a high level of contributions to the fire service as a whole. Chief Hanks has served as a member of the Christiansburg Volunteer Fire Department since 1981, holding positions as a firefighter, engineer, lieutenant and training officer before becoming chief in 2009. For the past eight years, he has also served as the Town's fire marshal and emergency services coordinator. Chief Hanks, who is a paid employee of the Town, currently oversees 40 volunteers and one other paid employee. He received the Volunteer Fire Chief of the Year award because he manages an almost entirely volunteer department.

Town of Christiansburg
Letter of Transmittal continued



Chief Hanks receiving his Governor's Award for Volunteer Fire Chief of the Year



From left to right: Curtis Whitt, Potsie Smith, Jeremy Williams, Chief Billy Hanks, Pete Haislip, Brandon Turner, Todd Chrisley

Town of Christiansburg
Letter of Transmittal continued

Last year was the sixth 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, 2017. 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, Amber Haskins, Deanna Cox, Valerie Tweedie, Kim Widrig,
Back Row: Sherry Hunter, Debbie Reed, Samantha Connors, Shana Reed,
Brittany Howard, Stacy Harris, 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



Randy Wingfield
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, 2017

Christopher P. Morrell

Executive Director/CEO

TOWN OF CHRISTIANSBURG, VIRGINIA

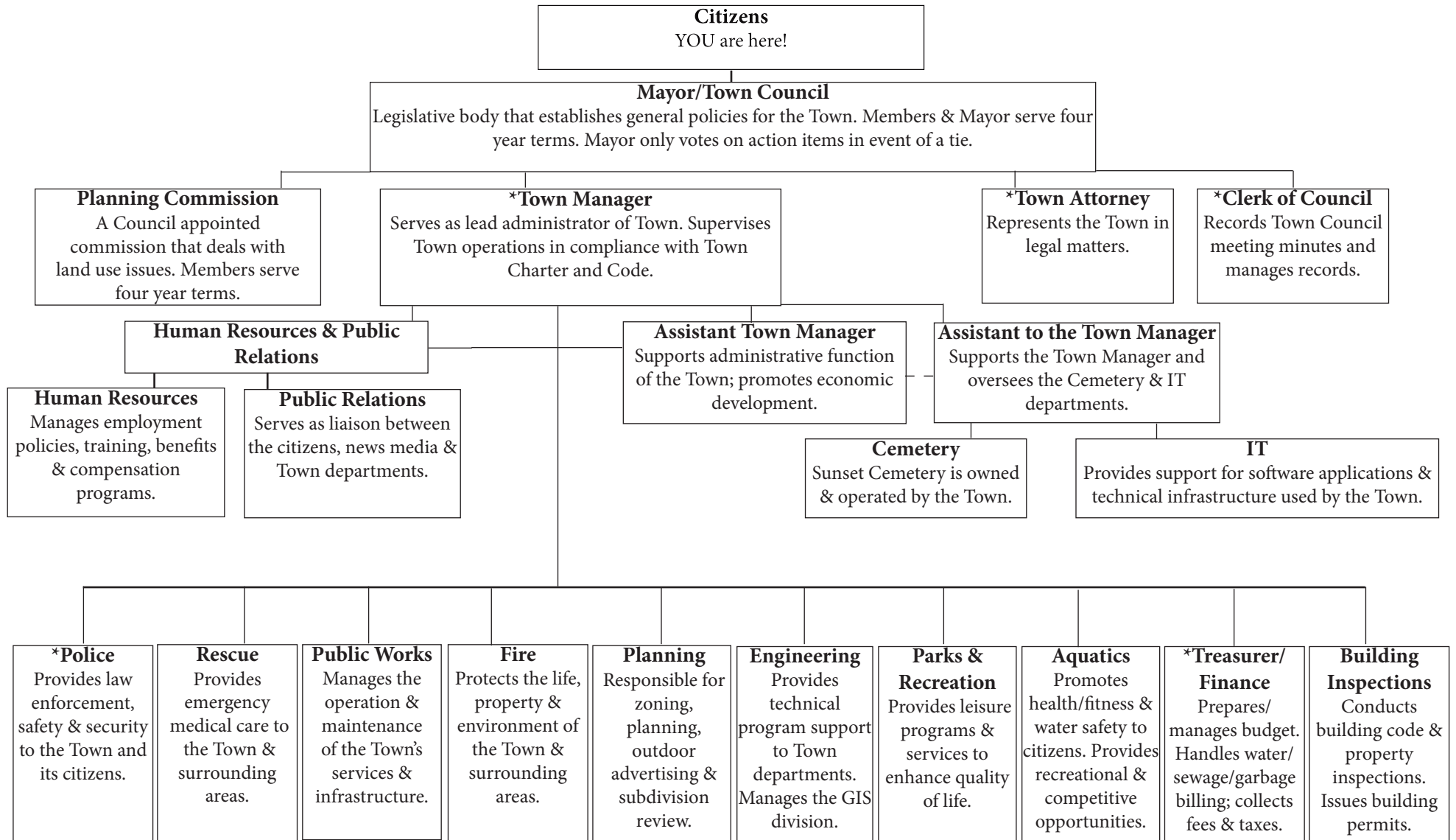
TOWN COUNCIL

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

OTHER OFFICIALS

Randy Wingfield Town Manager
Valerie Tweedie Director of Finance/Treasurer
Guynn & Waddell, PC Town Attorney
Wayne Nelson, PE Director of Engineering
Jim Lancianese 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
Melissa Demmitt Director of Public Relations
Jerry Heinline Director of Building Department
Terry Caldwell Director of Aquatics
Billy Hanks Fire Chief
Joe Coyle Rescue Chief

Town of Christiansburg Organizational Structure & Departmental Functions



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, 2018, 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, 2018, 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 19 to the financial statements, in 2018, the Town adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 19 to the financial statements, in 2018, the Town restated beginning balances to reflect the requirements of GASB Statement No. 75. 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 20-28, 100, and 101-109, 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.

Supplementary and 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 combining and individual fund financial statements and schedules 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 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 9, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Christiansburg, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Christiansburg, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Robinson, Famer, Cox Associates". The script is cursive and fluid.

Blacksburg, Virginia
November 9, 2018

**TOWN OF CHRISTIANSBURG, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018**

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, 2018. It should be read in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$7,992,696 during the fiscal year, on the government-wide basis. The Town's total net position, on the government-wide basis, totaled \$172,219,262 at June 30, 2017, however this amount was restated to \$169,631,449 to reflect the effects of the implementation of GASB 75. Net Position as of June 30, 2018 is \$177,624,145. Of this amount, \$20,700,803 may be used to meet ongoing obligations to citizens and creditors, \$154,072,526 is invested in capital assets, net of related debt, \$684,430 is restricted for perpetual care in the Cemetery Fund; \$2,166,386 is restricted for other purposes.
- On a government-wide basis for governmental activities, the Town had expenses (including transfers) net of program revenues of \$17,680,065, which were \$4,996,683 less than the general revenues, of \$22,676,748.
- At June 30, 2018 the Town's Governmental Funds Balance Sheet reported total ending fund balances of \$35,511,224 of which \$819,709 was nonspendable as a part of the cemetery perpetual care fund and prepaid expenses of the general fund, \$2,166,386 was restricted by law or donor restrictions; \$9,346,047 was assigned to specific savings for future needs of the Town and \$23,179,082 was unassigned and available to meet future needs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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 outflows of resources, liabilities and deferred inflows of resources, is one way to measure the Town's financial health, or financial position. Increases or decreases in net position are indicators of whether the Town's financial health is improving or deteriorating. Other nonfinancial factors, such 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, as well as the Town's storm water operations are reported here as the Town charges fees 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 31 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 32 and 34.

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

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 funds (two proprietary funds), are 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 funds are the Water and Sewer Fund and the Stormwater Fund.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Christiansburg, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$177,624,145 at the close of the most recent fiscal year, June 30, 2018.

By far the largest portion of the Town of Christiansburg's net position (87 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 is 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, 2017 and June 30, 2018
(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017*	2018	2017*	2018	2017*
Current and other assets	\$ 43,514	\$ 39,609	\$ 4,458	\$ 3,785	\$ 47,972	\$ 43,394
Capital assets, net	127,412	127,910	43,882	42,657	171,294	170,567
Total Assets	\$ 170,926	\$ 167,519	\$ 48,340	\$ 46,442	\$ 219,266	\$ 213,961
Deferred charge on refunding, net	\$ 289	\$ 308	\$ -	\$ -	\$ 289	\$ 308
Pension related items	1,007	1,701	83	337	1,090	2,038
OPEB related items	56	-	193	-	249	-
Total Deferred Outflows of Resources	\$ 1,352	\$ 2,009	\$ 276	\$ 337	\$ 1,628	\$ 2,346
Other liabilities	\$ 3,363	\$ 3,753	\$ 1,174	\$ 1,048	\$ 4,537	\$ 4,801
Long-term liabilities	24,747	27,277	7,016	8,407	31,763	35,684
Total Liabilities	\$ 28,110	\$ 31,030	\$ 8,190	\$ 9,455	\$ 36,300	\$ 40,485
Pension related items	\$ 1,839	\$ 1,624	\$ 362	\$ 271	\$ 2,201	\$ 1,895
OPEB related items	\$ 223	\$ -	\$ -	\$ -	223	-
Deferred tax revenue	4,531	4,403	15	-	4,546	4,403
Total Deferred Inflows of Resources	\$ 6,593	\$ 6,027	\$ 377	\$ 271	\$ 6,970	\$ 6,298
Net investment in capital assets	\$ 115,335	\$ 115,059	\$ 38,738	\$ 36,457	\$ 154,073	\$ 151,516
Restricted	2,850	2,830	-	-	2,850	2,830
Unrestricted	19,390	14,689	1,311	596	20,701	15,285
Total Net Position	\$ 137,575	\$ 132,578	\$ 40,049	\$ 37,053	\$ 177,624	\$ 169,631

*2017 restated see note 19

The Town's combined net position increased from \$169,631,449 to \$177,624,145. This increase is primarily due to several large capital projects not getting underway in 2018 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 \$20,700,803. Net investment in capital assets, represents the amount of capital assets owned by the Town, including infrastructure, net of any outstanding debt. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions. The total amount of restricted net position is \$2,850,816; \$684,430 is restricted for the use of perpetual care in the Cemetery Fund, and \$2,166,386 is restricted by law, contract or donor restrictions.

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, 2017 and 2018 (In Thousands)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2018	2017*	2018	2017*	2018	2017*	
Revenues:							
Program Revenues:							
Charges for services	\$ 3,920	\$ 3,930	\$ 11,658	\$ 10,312	\$ 15,578	\$ 14,242	
Operating grants and contributions	4,123	4,226	-	-	4,123	4,226	
Capital grants and contributions	1,583	3,059	1,177	973	2,760	4,032	
General Revenues:							
Property taxes	4,504	4,406	-	-	4,504	4,406	
Other Local Taxes:							
Local sales and use tax	1,923	1,892	-	-	1,923	1,892	
Business, Professional & occupational license tax	2,471	2,443	-	-	2,471	2,443	
Restaurant food taxes	7,016	6,929	-	-	7,016	6,929	
Other local taxes	4,294	4,283	-	-	4,294	4,283	
Unrestricted revenues from use of money and property	729	590	-	-	729	590	
Miscellaneous	511	519	-	-	511	519	
Grants and contributions not restricted to specific programs	1,229	1,258	-	-	1,229	1,258	
Total Revenues	\$ 32,303	\$ 33,535	\$ 12,835	\$ 11,285	\$ 45,138	\$ 44,820	
Expenses							
General Government	\$ 3,058	\$ 2,925	\$ -	\$ -	\$ 3,058	\$ 2,925	
Public Safety	9,459	8,515	-	-	9,459	8,515	
Public works	8,348	9,465	-	-	8,348	9,465	
Health and Welfare	4	4	-	-	4	4	
Parks, Recreation and Cultural	4,769	4,972	-	-	4,769	4,972	
Community Development	1,427	1,480	-	-	1,427	1,480	
Interest and fiscal Charges	241	246	-	-	241	246	
Water and Sewer	-	-	8,642	7,928	8,642	7,928	
Stormwater	-	-	1,197	402	1,197	402	
Total Expenses	\$ 27,306	\$ 27,607	\$ 9,839	\$ 8,330	\$ 37,145	\$ 35,937	
Change in net position	4,997	5,928	2,996	2,955	7,993	8,883	
Net position, beginning	134,832	129,296	37,387	33,878	172,219	163,174	
Prior period adjustments	(2,254)	(392)	(334)	554	(2,588)	162	
Net position, ending	\$ 137,575	\$ 134,832	\$ 40,049	\$ 37,387	\$ 177,624	\$ 172,219	

*2017 restated see note 19

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The property tax classification, which comprises approximately 14% 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 \$3,297,925.

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 49% 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 12% of the governmental activities revenues.

Public Safety expenses comprised approximately 35% 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 31% 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.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

For the fiscal year ended June 30, 2018, the governmental funds reflect a total fund balance of \$35,511,224. Of this amount, \$23,179,082 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 \$4,027,973 during the fiscal year ending June 30, 2018 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 \$173,418 from the prior year; this was the net effect of a number of transactions within the special revenue funds. The reason for the increase in fund balance was due to the completion of projects in the Recreation and Streets Fund in the prior year.

Local taxes generated the majority of General Fund revenue, totaling approximately \$20.2 million in fiscal year ending June 30, 2018.

Intergovernmental revenue is the second largest source of General Fund revenues, generating approximately \$5.2 million in fiscal year ending June 30, 2018. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues were more than the budgeted revenues by \$1,041,768. 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 \$3,899,979 for general operations due primarily to several large capital projects not being completed and assets budgeted for but not purchased within the fiscal year.

CAPITAL ASSETS

As of June 30, 2018, the Town's capital assets for its governmental and business-type activities amounted to \$171,295,123(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 \$726,516. This increase was primarily from additions to the water and sewage system, ongoing construction projects and other building improvements, net of depreciation on older assets.

Capital Assets, Net of Depreciation
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017*	2018	2017*	2018	2017*
Land	\$ 8,193	\$ 8,149	\$ 12	\$ 12	\$ 8,205	\$ 8,161
Construction in progress	3,951	3,375	1,300	456	5,251	3,831
Building and Improvement	26,103	24,723	-	-	26,103	24,723
Machinery & Equipment	5,757	5,057	3,464	2,052	9,221	7,109
Infrastructure	83,408	86,606	39,106	40,138	122,514	126,744
Total	\$ <u>127,412</u>	\$ <u>127,910</u>	\$ <u>43,882</u>	\$ <u>42,658</u>	\$ <u>171,294</u>	\$ <u>170,568</u>

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

Major capital asset events during the fiscal year included the following: Completion of the water and sewer SCADA projects \$629,143, Independence Blvd. Sewer Bypass Project \$125,380, Peppers Ferry Pump Station \$43,474, Towers PS Generator Project \$61,691, Park Street Storm Drain and Sidewalk Project \$1,294,641, and the Independence Turn lane Project \$790,840.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

LONG-TERM DEBT

At June 30, 2018, the Town's long-term liabilities, not including compensated absences, net OPEB liability, net pension liability, bond premiums and post closure care costs payable, totaled \$17,511,722; which is comprised of \$12,367,340 related to governmental activities, and \$5,144,382 related to business-type activities. Total debt decreased by \$1,848,950 during the fiscal year. This is due to the annual retirement of existing debt of \$1,848,950.

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 \$17,511,722 (excluding premiums) is well below the legal debt limit of \$215,175,848 (see Table 13 of Statistical Section).

Interest and fiscal charges for fiscal year ending June 30, 2018 were \$227,828 of the total governmental activities expenses and \$179,067 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 2018 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 decreased slightly from 4.5% to 3.7% as of June 2018. The unemployment rate for the Commonwealth of Virginia is at 3.2% as of June 2018 as compared to the U.S. overall rate of 4.0%.

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 7% over the prior year throughout the County. The Town's distribution of sales tax increased by 2% over prior years due in part to overall increase in sales tax collections and a slight reduction in the percentage of our distributive share of the sales tax collections as that distribution is based on school-age population. The Town's proportional school-age population decreased by only 1%, resulting in a net increase of 2% of the Town's distributive share. Overall, the economic indicator is that retail sales are improving indicating some economic stability going forward.

In addition to sales tax, the tax imposed by the Town on meals and lodging have increased over pre-recession levels even when factoring out the increases in the rates charged. Meals taxes increased over 2017 levels while lodging taxes decreased. Meals tax increased by 1% and lodging taxes decreased by 2%.

In the fiscal year ending, June 30, 2018, we saw a 2% decline in building permits within the Town which is indicative of a slowdown in the construction industry and construction activities within the Town by developers.

Overall, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The 2018-2019 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. 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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 34,723,096	\$ -	\$ 34,723,096
Cash and cash equivalents - restricted	2,733,368	-	2,733,368
Investments	1,277,469	-	1,277,469
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,710,521	-	4,710,521
Accounts receivable	1,322,597	1,114,458	2,437,055
Internal balances	(2,710,318)	2,710,318	-
Due from other governmental units	1,321,914	632,843	1,954,757
Prepaid items	135,279	-	135,279
Capital assets not being depreciated:			
Land	8,193,117	12,500	8,205,617
Construction in progress	3,951,066	1,299,713	5,250,779
Capital assets, net of accumulated depreciation:			
Buildings and improvements	26,102,807	-	26,102,807
Machinery, equipment, and vehicles	5,757,424	3,464,314	9,221,738
Infrastructure	83,408,229	39,105,953	122,514,182
Total assets	<u>\$ 170,926,569</u>	<u>\$ 48,340,099</u>	<u>\$ 219,266,668</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	\$ 289,125	\$ -	\$ 289,125
OPEB related items	55,744	-	55,744
Pension related items	1,007,162	275,818	1,282,980
Total deferred outflows of resources	<u>\$ 1,352,031</u>	<u>\$ 275,818</u>	<u>\$ 1,627,849</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,100,236	\$ 707,307	\$ 3,807,543
Customers' deposits	-	409,449	409,449
Accrued interest payable	71,932	57,346	129,278
Unearned revenues	190,434	-	190,434
Noncurrent liabilities:			
Due within one year	1,070,119	911,607	1,981,726
Due in more than one year	23,677,408	6,104,382	29,781,790
Total liabilities	<u>\$ 28,110,129</u>	<u>\$ 8,190,091</u>	<u>\$ 36,300,220</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 4,522,675	\$ -	\$ 4,522,675
Deferred revenue - prepaid taxes	7,565	-	7,565
OPEB related items	223,377	14,589	237,966
Pension related items	1,839,844	362,102	2,201,946
Total deferred inflows of resources	<u>\$ 6,593,461</u>	<u>\$ 376,691</u>	<u>\$ 6,970,152</u>
NET POSITION			
Net investment in capital assets	\$ 115,334,428	\$ 38,738,098	\$ 154,072,526
Restricted:			
Cemetery	684,430	-	684,430
Volunteer Fire Department	888,575	-	888,575
Lifesaving and Rescue	1,146,434	-	1,146,434
Police Department Grants	126,202	-	126,202
Recreation and Streets Grants	5,175	-	5,175
Unrestricted (deficit)	19,389,766	1,311,037	20,700,803
Total net position	<u>\$ 137,575,010</u>	<u>\$ 40,049,135</u>	<u>\$ 177,624,145</u>

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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government administration	\$ 3,057,593	\$ -	\$ -	\$ -	\$ (3,057,593)		\$ (3,057,593)
Public safety	9,458,653	1,180,664	674,678	-	(7,603,311)		(7,603,311)
Public works	8,348,240	1,584,492	3,448,074	1,583,117	(1,732,557)		(1,732,557)
Health and welfare	4,076	-	-	-	(4,076)		(4,076)
Parks, recreation, and cultural	4,769,414	1,154,377	-	-	(3,615,037)		(3,615,037)
Community development	1,426,797	375	-	-	(1,426,422)		(1,426,422)
Interest on long-term debt	241,069	-	-	-	(241,069)		(241,069)
Total governmental activities	\$ 27,305,842	\$ 3,919,908	\$ 4,122,752	\$ 1,583,117	\$ (17,680,065)		\$ (17,680,065)
Business-type activities:							
Water and Sewer	\$ 8,642,531	\$ 10,272,784	\$ -	\$ 520,000		\$ 2,150,253	\$ 2,150,253
Stormwater	1,196,667	1,385,403	-	657,024		845,760	845,760
Total business-type activities	\$ 9,839,198	\$ 11,658,187	\$ -	\$ 1,177,024	\$ -	\$ 2,996,013	\$ 2,996,013
Total	\$ 37,145,040	\$ 15,578,095	\$ 4,122,752	\$ 2,760,141	\$ (17,680,065)	\$ 2,996,013	\$ (14,684,052)
General revenues:							
General property taxes					\$ 4,503,626	\$ -	\$ 4,503,626
Other local taxes:							
Restaurant food taxes					7,015,544	-	7,015,544
Business license taxes					2,471,309	-	2,471,309
Local sales and use taxes					1,923,415	-	1,923,415
Lodging taxes					1,642,906	-	1,642,906
Bank stock taxes					830,169	-	830,169
Motor vehicle licenses					607,493	-	607,493
Consumers' utility taxes					598,278	-	598,278
Other local taxes					615,199	-	615,199
Unrestricted revenues from use of money and property					728,710	-	728,710
Miscellaneous					511,172	-	511,172
Grants and contributions not restricted to specific programs					1,228,927	-	1,228,927
Total general revenues					\$ 22,676,748	\$ -	\$ 22,676,748
Change in net position					\$ 4,996,683	\$ 2,996,013	\$ 7,992,696
Net position - beginning, as restated					132,578,327	37,053,122	169,631,449
Net position - ending					\$ 137,575,010	\$ 40,049,135	\$ 177,624,145

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

Town of Christiansburg, Virginia
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 34,602,459	\$ 120,637	\$ 34,723,096
Cash and cash equivalents - restricted	-	2,733,368	2,733,368
Investments	1,277,469	-	1,277,469
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,710,521	-	4,710,521
Accounts receivable	1,123,332	199,265	1,322,597
Due from other funds	-	35,368	35,368
Due from other governmental units	619,408	702,506	1,321,914
Prepaid items	135,279	-	135,279
Total assets	<u>\$ 42,468,468</u>	<u>\$ 3,791,144</u>	<u>\$ 46,259,612</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,080,681	\$ 19,555	\$ 3,100,236
Due to other funds	2,179,046	566,640	2,745,686
Unearned revenue	960	189,474	190,434
Total liabilities	<u>\$ 5,260,687</u>	<u>\$ 775,669</u>	<u>\$ 6,036,356</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 4,692,201	\$ -	\$ 4,692,201
Unavailable revenue - EMS billings	-	12,266	12,266
Deferred revenue - prepaid taxes	7,565	-	7,565
Total deferred inflows of resources	<u>\$ 4,699,766</u>	<u>\$ 12,266</u>	<u>\$ 4,712,032</u>
FUND BALANCES			
Nonspendable	\$ 135,279	\$ 684,430	\$ 819,709
Restricted	-	2,166,386	2,166,386
Assigned	9,193,654	152,393	9,346,047
Unassigned	23,179,082	-	23,179,082
Total fund balances	<u>\$ 32,508,015</u>	<u>\$ 3,003,209</u>	<u>\$ 35,511,224</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,468,468</u>	<u>\$ 3,791,144</u>	<u>\$ 46,259,612</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, 2018

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 35,511,224
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 8,193,117	
Buildings and system	26,102,807	
Machinery and equipment	5,757,424	
Infrastructure	83,408,229	
Construction in progress	<u>3,951,066</u>	127,412,643
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	\$ 142,786	
Deferred revenue-EMS billings	<u>39,006</u>	181,792
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 1,007,162	
OPEB related items	55,744	
Deferred loss on refunding	<u>289,125</u>	1,352,031
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	\$ (12,367,340)	
Net pension liability	(6,733,807)	
Landfill liability	(199,097)	
Accrued interest payable	(71,932)	
Net OPEB liability	(3,024,989)	
Compensated absences	<u>(2,422,294)</u>	(24,819,459)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (1,839,844)	
OPEB related items	<u>(223,377)</u>	(2,063,221)
Net position of governmental activities		<u>\$ 137,575,010</u>

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, 2018

	General Fund	Other Governmental Funds	Total
REVENUES			
General property taxes	\$ 4,515,381	\$ -	\$ 4,515,381
Other local taxes	15,704,313	-	15,704,313
Permits, privilege fees, and regulatory licenses	253,563	-	253,563
Fines and forfeitures	85,653	-	85,653
Revenue from the use of money and property	690,322	38,388	728,710
Charges for services	2,637,972	969,460	3,607,432
Miscellaneous	182,820	328,352	511,172
Intergovernmental	5,154,894	1,779,902	6,934,796
Total revenues	<u>\$ 29,224,918</u>	<u>\$ 3,116,102</u>	<u>\$ 32,341,020</u>
EXPENDITURES			
Current:			
General government administration	\$ 3,070,637	\$ -	\$ 3,070,637
Public safety	8,627,557	1,302,468	9,930,025
Public works	5,879,170	11,073	5,890,243
Health and welfare	4,076	-	4,076
Parks, recreation, and cultural	4,039,243	259,820	4,299,063
Community development	1,440,216	-	1,440,216
Capital projects	-	2,484,701	2,484,701
Debt service:			
Principal	792,840	-	792,840
Interest and other fiscal charges	227,828	-	227,828
Total expenditures	<u>\$ 24,081,567</u>	<u>\$ 4,058,062</u>	<u>\$ 28,139,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,143,351</u>	<u>\$ (941,960)</u>	<u>\$ 4,201,391</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 1,225,710	\$ 1,225,710
Transfers out	(1,115,378)	(110,332)	(1,225,710)
Total other financing sources (uses)	<u>\$ (1,115,378)</u>	<u>\$ 1,115,378</u>	<u>\$ -</u>
Net change in fund balances	\$ 4,027,973	\$ 173,418	\$ 4,201,391
Fund balances - beginning	28,480,042	2,829,791	31,309,833
Fund balances - ending	<u>\$ 32,508,015</u>	<u>\$ 3,003,209</u>	<u>\$ 35,511,224</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, 2018

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

Net change in fund balances - total governmental funds \$ 4,201,391

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	\$ 4,548,387	
Depreciation expense	<u>(5,013,126)</u>	(464,739)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (33,033)

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	\$ (11,755)	
Increase (decrease) in unavailable revenue - EMS billings	<u>(26,740)</u>	(38,495)

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.

Principal payments:		
General obligation bonds		792,840

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.

Pension expense	\$ 725,607	
OPEB expense	(111,972)	
(Increase) decrease in compensated absences	(58,153)	
(Increase) decrease in landfill closure liability	(3,522)	
(Increase) decrease in accrued interest payable	6,034	
Amortization of deferred charge on refunding	<u>(19,275)</u>	538,719

Change in net position of governmental activities \$ 4,996,683

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, 2018

	Enterprise Funds		
	Water and Sewer Fund	Stormwater Fund	Total
ASSETS			
Current assets:			
Accounts receivable, net of allowance for uncollectibles	\$ 980,620	\$ 133,838	\$ 1,114,458
Due from other funds	2,982,339	-	2,982,339
Due from other governmental units	-	632,843	632,843
Total current assets	\$ 3,962,959	\$ 766,681	\$ 4,729,640
Noncurrent assets:			
Capital assets:			
Land	\$ 12,500	\$ -	\$ 12,500
Construction in progress	697,810	601,903	1,299,713
Machinery and equipment	3,070,088	394,226	3,464,314
Water system	12,662,427	-	12,662,427
Waste water system	9,772,195	-	9,772,195
Waste water treatment plant	15,125,847	-	15,125,847
Stormwater system	-	1,545,484	1,545,484
Total capital assets	\$ 41,340,867	\$ 2,541,613	\$ 43,882,480
Total noncurrent assets	\$ 41,340,867	\$ 2,541,613	\$ 43,882,480
Total assets	\$ 45,303,826	\$ 3,308,294	\$ 48,612,120
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 240,665	\$ 35,153	\$ 275,818
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 75,356	\$ 18,659	\$ 94,015
Customers' deposits	409,449	-	409,449
Accrued interest payable	57,346	-	57,346
Due to Water Authority	613,292	-	613,292
Due to other funds	-	272,021	272,021
Compensated absences - current portion	27,572	1,455	29,027
Bonds payable - current portion	882,580	-	882,580
Total current liabilities	\$ 2,065,595	\$ 292,135	\$ 2,357,730
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 248,151	\$ 13,093	\$ 261,244
Bonds payable - net of current portion	4,261,802	-	4,261,802
Net OPEB liability	287,183	43,394	330,577
Net pension liability	1,158,557	92,202	1,250,759
Total noncurrent liabilities	\$ 5,955,693	\$ 148,689	\$ 6,104,382
Total liabilities	\$ 8,021,288	\$ 440,824	\$ 8,462,112
DEFERRED INFLOWS OF RESOURCES			
OPEB related items	\$ 12,674	\$ 1,915	\$ 14,589
Pension related items	303,639	58,463	362,102
Total deferred inflows of resources	\$ 316,313	\$ 60,378	\$ 376,691
NET POSITION			
Net investment in capital assets	\$ 36,196,485	\$ 2,541,613	\$ 38,738,098
Unrestricted	1,010,405	300,632	1,311,037
Total net position	\$ 37,206,890	\$ 2,842,245	\$ 40,049,135

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, 2018

	Enterprise Funds		
	Water and Sewer Fund	Stormwater Fund	Total
OPERATING REVENUES			
Charges for services:			
Water and sewer service fees	\$ 9,198,252	\$ -	\$ 9,198,252
Water and wastewater connection fees	829,947	-	829,947
Stormwater fees	-	1,385,403	1,385,403
Penalties and other	244,585	-	244,585
Total operating revenues	<u>\$ 10,272,784</u>	<u>\$ 1,385,403</u>	<u>\$ 11,658,187</u>
OPERATING EXPENSES			
Salaries and wages	\$ 1,670,012	282,376	\$ 1,952,388
Employee benefits	547,824	84,439	632,263
Purchase of water	2,640,812	-	2,640,812
Utilities	487,310	-	487,310
Maintenance and repairs	210,220	-	210,220
Depreciation	1,936,624	99,164	2,035,788
Materials and supplies	563,148	49,758	612,906
General and administrative	366,183	30,154	396,337
Professional services	51,626	650,776	702,402
Total operating expenses	<u>\$ 8,473,759</u>	<u>\$ 1,196,667</u>	<u>\$ 9,670,426</u>
Operating income (loss)	<u>\$ 1,799,025</u>	<u>\$ 188,736</u>	<u>\$ 1,987,761</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ (168,772)	\$ -	\$ (168,772)
Total nonoperating revenues (expenses)	<u>\$ (168,772)</u>	<u>\$ -</u>	<u>\$ (168,772)</u>
Income (loss) before contributions and grants	\$ 1,630,253	\$ 188,736	\$ 1,818,989
Capital contributions and construction grants	520,000	657,024	1,177,024
Change in net position	<u>\$ 2,150,253</u>	<u>\$ 845,760</u>	<u>\$ 2,996,013</u>
Net position - beginning, as restated	35,056,637	1,996,485	37,053,122
Net position - ending	<u>\$ 37,206,890</u>	<u>\$ 2,842,245</u>	<u>\$ 40,049,135</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, 2018

	Enterprise Funds		
	Water and Sewer Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 10,074,702	\$ 1,377,219	\$ 11,451,921
Payments to and for employees	(2,360,952)	(392,755)	(2,753,707)
Payments for goods and services	(4,198,365)	(720,523)	(4,918,888)
Net cash provided by (used for) operating activities	\$ 3,515,385	\$ 263,941	\$ 3,779,326
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund borrowings	\$ (165,783)	\$ 244,317	\$ 78,534
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	\$ (2,114,425)	\$ (625,651)	\$ (2,740,076)
Principal payments on bonds	(1,056,110)	-	(1,056,110)
Contributions in aid of construction	-	117,393	117,393
Interest payments	(179,067)	-	(179,067)
Net cash provided by (used for) capital and related financing activities	\$ (3,349,602)	\$ (508,258)	\$ (3,857,860)
Net increase (decrease) in cash and cash equivalents	\$ -	\$ -	\$ -
Cash and cash equivalents - June 30, 2017	-	-	-
Cash and cash equivalents - June 30, 2018	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 1,799,025	\$ 188,736	\$ 1,987,761
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 1,936,624	\$ 99,164	\$ 2,035,788
(Increase) decrease in accounts receivable	(203,862)	(8,184)	(212,046)
(Increase) decrease in deferred outflows of resources related to pension	54,963	6,238	61,201
Increase (decrease) in customers' deposits	5,780	-	5,780
Increase (decrease) in accounts payable and accrued liabilities	(18,743)	10,165	(8,578)
Increase (decrease) in due to Water Authority	139,677	-	139,677
Increase (decrease) in compensated absences	(102,470)	2,512	(99,958)
Increase (decrease) in net pension liability	(165,912)	(65,465)	(231,377)
Increase (decrease) in net OPEB liability	(3,481)	(526)	(4,007)
Increase (decrease) in deferred inflows of resources related to OPEB	12,674	1,915	14,589
Increase (decrease) in deferred inflows of resources related to pension	61,110	29,386	90,496
Total adjustments	\$ 1,716,360	\$ 75,205	\$ 1,791,565
Net cash provided by (used for) operating activities	\$ 3,515,385	\$ 263,941	\$ 3,779,326
Noncash investing, capital, and financing activities:			
Contributions of infrastructure by developers	\$ 520,000	\$ -	\$ 520,000

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

TOWN OF CHRISTIANSBURG, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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 2018, the Town paid \$2,640,812 to the Water Authority and has a fiscal year end liability of \$613,292 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 \$471,302 in tipping fees during fiscal year 2018.

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 2018, the Town paid \$100,000 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 \$22,140 in contribution to the fiscal year 2018 operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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 2018, the Town paid \$34,906 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 2018, the Town paid \$154,937 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 2018, the Town paid \$821,033 toward operations of the 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, 2018

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, 2018

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, 2018, 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, 2018

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 fund:

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 Town reports the following nonmajor governmental funds:

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, 2018, the operational and capital support totaled \$209,722.

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, 2018, the support from the General Fund totaled \$14,558.

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, 2018, capital support from the General Fund totaled \$1,001,430.

The Town reports the following major proprietary funds:

The Town operates a water and sewer system and a stormwater system. The activities of these systems, 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 and stormwater 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, 2018

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. Cash and Cash Equivalents

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.

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 under GASB 79 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 \$109,678 for the General Fund, \$116,177 for the Lifesaving and Rescue Fund, and \$121,241 for the Enterprise Fund at June 30, 2018. The allowance consists of unpaid taxes in the amount of \$74,094, unpaid garbage bills of \$35,584, ambulance services of \$116,177, unpaid water/sewer bills of \$115,300, and unpaid stormwater fees of \$5,941.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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 costs 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, 2018

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 five 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, 2018

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

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

8. Pensions

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

9. Other Postemployment Benefits

Service Merit Plan

The Town offers eligible retirees a monthly stipend to be deposited into a health savings account. This plan is funded on a pay as you go basis and further information is provided at Note 9.

Line of Duty Act Program

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net LODA OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA OPEB, and related LODA OPEB expense, information about the fiduciary net position of the VRS LODA Program OPEB Plan and the additions to/deductions from the VRS LODA Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

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

11. 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.

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.

12. Restricted Assets

The Town has \$2,733,368 in restricted cash that is restricted by grants or donors and held in the Town's special revenue funds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

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

13. 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 multiple 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 and net OPEB liabilities and/or contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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 multiple 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 property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

14. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

15. 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.

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, 2018 were held in the Town's name by the Town's custodial bank.

Interest Rate Risk:

The Town has not adopted an investment policy for interest rate risk. Listed below are the Town's investments subject to investment rate risk and their corresponding maturity dates.

Investment Type	Investment Maturities (in years)	
	Fair Value	1-5 yrs
VML/VACO Virginia Investment Pool	\$ 1,277,469	\$ 1,277,469

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 2-Deposits and Investments: (Continued)

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, 2018 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

Rated Debt Investments	Fair Quality Ratings		
	AAAm	AA+f/S1	Total
VML/VACO Virginia Investment Pool	\$ 1,021,512	\$ 255,957	\$ 1,277,469

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:

	Governmental Activities	Business-type Activities	Total
<u>County of Montgomery, Virginia:</u>			
Local sales tax	\$ 483,024	\$ -	\$ 483,024
<u>Commonwealth of Virginia:</u>			
Categorical aid	448,727	632,843	1,081,570
Noncategorical aid	132,499	-	132,499
<u>Federal Government:</u>			
Categorical aid	257,664	-	257,664
Total	\$ 1,321,914	\$ 632,843	\$ 1,954,757

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 4-Interfund Activity:

Interfund transfers for the year ended June 30, 2018, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,115,378
Police Fund	-	-
Recreation and Streets Fund	14,558	110,332
Cemetery Fund	209,722	-
Capital Projects Fund	1,001,430	-
Total	<u>\$ 1,225,710</u>	<u>\$ 1,225,710</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	\$ 2,179,046	\$ -
Water and Sewer Fund	-	2,982,339
Stormwater Fund	272,021	-
Vol. Fire Dept. Fund	6,095	-
Lifesaving and Rescue Fund	20,355	-
Police Fund	13,881	-
Recreation and Streets Fund	67,687	-
Cemetery Fund	-	35,368
Capital Projects Fund	458,622	-
Total	<u>\$ 3,017,707</u>	<u>\$ 3,017,707</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 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, 2018:

	As restated, Balance July 1, 2017	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2018
General obligation bonds	\$ 13,160,180	\$ -	\$ (792,840)	\$ 12,367,340
Net OPEB liabilities (Note 9 & Note 10)	3,134,692	225,762	(335,465)	3,024,989
Compensated absences	2,364,141	294,567	(236,414)	2,422,294
Landfill closure/postclosure liability	195,575	3,522	-	199,097
Net pension liability (Note 6)	8,422,807	3,544,613	(5,233,613)	6,733,807
Total	<u>\$ 27,277,395</u>	<u>\$ 4,068,464</u>	<u>\$ (6,598,332)</u>	<u>\$ 24,747,527</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
2019	\$ 807,980	\$ 211,825
2020	822,340	196,855
2021	835,700	181,618
2022	848,060	166,132
2023	871,520	150,314
2024-2028	8,016,520	149,080
2029-2030	165,220	4,411
Totals	<u>\$ 12,367,340</u>	<u>\$ 1,060,235</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 5-Long-term Obligations: (Continued)Governmental Activity Obligations: (Continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$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%.	\$ 8,587,700	\$ 439,500
\$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.	871,640	62,480
\$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%.	1,644,000	191,000
\$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%.	<u>1,264,000</u>	<u>115,000</u>
Total General Obligation Bonds	<u>\$ 12,367,340</u>	<u>\$ 807,980</u>
<u>Other Obligations:</u>		
Landfill closure/postclosure liability	\$ 199,097	\$ 19,910
Net OPEB liabilities	3,024,989	-
Net pension liability	6,733,807	-
Compensated absences	<u>2,422,294</u>	<u>242,229</u>
Total Other Obligations	<u>\$ 12,380,187</u>	<u>\$ 262,139</u>
Total Long-term Obligations	<u>\$ 24,747,527</u>	<u>\$ 1,070,119</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 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, 2018:

	As Restated, Balance July 1, 2017	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2018
General obligation bonds	\$ 6,200,492	\$ -	\$ (1,056,110)	\$ 5,144,382
Compensated absences	390,229	-	(99,958)	290,271
Net OPEB liability	334,584	21,378	(25,385)	330,577
Net pension liability	1,482,136	771,122	(1,002,499)	1,250,759
Total	<u>\$ 8,407,441</u>	<u>\$ 792,500</u>	<u>\$ (2,183,952)</u>	<u>\$ 7,015,989</u>

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

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2019	\$ 882,580	\$ 145,115
2020	912,159	115,823
2021	942,563	85,542
2022	240,240	60,604
2023	246,480	54,155
2024-2028	1,334,580	167,934
2029-2030	585,780	15,636
Totals	<u>\$ 5,144,382</u>	<u>\$ 644,809</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 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.	\$ 2,054,022	\$ 661,060
\$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.	3,090,360	221,520
Total General Obligation Bonds	<u>\$ 5,144,382</u>	<u>\$ 882,580</u>
<u>Other Obligations:</u>		
Net pension liability	\$ 1,250,759	\$ -
Net OPEB liability	330,577	-
Compensated absences	290,271	29,027
Total Other Obligations	<u>\$ 1,871,607</u>	<u>\$ 29,027</u>
Total Long-term Obligations	<u>\$ 7,015,989</u>	<u>\$ 911,607</u>

Arbitrage Rebate Compliance:

As of June 30, 2018 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, 2018

Note 6-Pension Plan:*Plan Description*

All full-time, salaried permanent employees of the Town are automatically covered by a 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.</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.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</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, 2018Note 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.)	About the Hybrid Retirement Plan (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, and they have taken a refund.</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, 2018

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. 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.</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, 2018

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service</p> <p>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</p> <p>Same as Plan 1.</p>	<p>Creditable Service</p> <p><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 Contribution 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, 2018

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 Contribution 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, 2018

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 Contribution 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, 2018

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, 2018

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: Age 60 with at least five years (60 months) of creditable service.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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, 2018

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, 2018

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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.	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.	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. 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.
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. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <u>Defined Contribution Component:</u> Not applicable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 6-Pension Plan: (Continued)*Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-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, 2016 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	111
Inactive members:	
Vested inactive members	33
Non-vested inactive members	72
Inactive members active elsewhere in VRS	<u>62</u>
Total inactive members	167
Active members	<u>236</u>
Total covered employees	<u><u>514</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 employer contribution rate for the year ended June 30, 2018 was 11.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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 \$1,199,714 and \$1,175,271 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability

The Town's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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, 2016, 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, 2017.

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

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 6-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% if rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 6-Pension Plan: (Continued)*Actuarial Assumptions - General Employees (Continued)*

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, 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:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 6-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 6-Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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, 2019, 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, 2019 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 6-Pension Plan: (Continued)*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, 2016	\$ 42,075,101	\$ 32,170,158	\$ 9,904,943
Changes for the year:			
Service cost	\$ 1,289,347	\$ -	\$ 1,289,347
Interest	2,872,601	-	2,872,601
Change in benefits	15,091		15,091
Change in assumptions	(239,818)		(239,818)
Differences between expected and actual experience	(270,061)	-	(270,061)
Contributions - employer	-	1,175,271	(1,175,271)
Contributions - employee	-	527,321	(527,321)
Net investment income	-	3,910,906	(3,910,906)
Benefit payments, including refunds of employee contributions	(2,075,883)	(2,075,883)	-
Administrative expenses	-	(22,474)	22,474
Other changes	-	(3,487)	3,487
Net changes	\$ 1,591,277	\$ 3,511,654	\$ (1,920,377)
Balances at June 30, 2017	\$ 43,666,378	\$ 35,681,812	\$ 7,984,566

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 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		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Town's			
Net Pension Liability (Asset)	\$ 14,276,242	\$ 7,984,566	\$ 2,816,810

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

For the year ended June 30, 2018, the Town recognized pension expense of \$394,332. At June 30, 2018, 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	\$ -	\$ 1,420,322
Change in assumptions	-	184,560
Change in proportionate shares	83,266	83,266
Net difference between projected and actual earnings on pension plan investments	-	513,798
Employer contributions subsequent to the measurement date	1,199,714	-
Total	\$ 1,282,980	\$ 2,201,946

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 6-Pension Plan: (Continued)*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

\$1,199,714 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 fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30

2019	\$	(1,043,412)
2020		(486,542)
2021		(214,189)
2022		(374,536)
Thereafter		-

Note 7-Capital Assets:

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 8,193,117	\$ -	\$ -	\$ 8,193,117
Construction in progress	3,374,818	2,679,284	(2,103,036)	3,951,066
Total capital assets not being depreciated	<u>\$ 11,567,935</u>	<u>\$ 2,679,284</u>	<u>\$ (2,103,036)</u>	<u>\$ 12,144,183</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 32,376,545	\$ 1,929,997	\$ -	\$ 34,306,542
Machinery and equipment	14,857,273	1,774,493	(144,345)	16,487,421
Infrastructure	121,361,825	267,649	-	121,629,474
Total capital assets being depreciated	<u>\$ 168,595,643</u>	<u>\$ 3,972,139</u>	<u>\$ (144,345)</u>	<u>\$ 172,423,437</u>
Accumulated depreciation:				
Buildings and improvements	\$ (7,345,570)	\$ (858,165)	\$ -	\$ (8,203,735)
Machinery and equipment	(9,800,474)	(1,040,835)	111,312	(10,729,997)
Infrastructure	(35,107,119)	(3,114,126)	-	(38,221,245)
Total accumulated depreciation	<u>\$ (52,253,163)</u>	<u>\$ (5,013,126)</u>	<u>\$ 111,312</u>	<u>\$ (57,154,977)</u>
Total capital assets being depreciated, net	<u>\$ 116,342,480</u>	<u>\$ (1,040,987)</u>	<u>\$ (33,033)</u>	<u>\$ 115,268,460</u>
Governmental activities capital assets, net	<u>\$ 127,910,415</u>	<u>\$ 1,638,297</u>	<u>\$ (2,136,069)</u>	<u>\$ 127,412,643</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 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	455,912	1,718,314	(874,513)	1,299,713
Total capital assets not being depreciated	<u>\$ 468,412</u>	<u>\$ 1,718,314</u>	<u>\$ (874,513)</u>	<u>\$ 1,312,213</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 5,540,273	\$ 1,683,111	\$ -	\$ 7,223,384
Utility plant and equipment	71,878,749	733,164	-	72,611,913
Total capital assets being depreciated	<u>\$ 77,419,022</u>	<u>\$ 2,416,275</u>	<u>\$ -</u>	<u>\$ 79,835,297</u>
Accumulated depreciation:				
Machinery and equipment	\$ (3,488,400)	\$ (270,670)	\$ -	\$ (3,759,070)
Utility plant and equipment	(31,740,842)	(1,765,118)	-	(33,505,960)
Total accumulated depreciation	<u>\$ (35,229,242)</u>	<u>\$ (2,035,788)</u>	<u>\$ -</u>	<u>\$ (37,265,030)</u>
Total capital assets being depreciated, net	<u>\$ 42,189,780</u>	<u>\$ 380,487</u>	<u>\$ -</u>	<u>\$ 42,570,267</u>
Business-type activities capital assets, net	<u><u>\$ 42,658,192</u></u>	<u><u>\$ 2,098,801</u></u>	<u><u>\$ (874,513)</u></u>	<u><u>\$ 43,882,480</u></u>

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

Governmental activities:	
General government administration	\$ 149,658
Public safety	534,270
Public works	3,675,018
Parks, recreation, and cultural	654,180
Total depreciation expense - governmental activities	<u>\$ 5,013,126</u>
Business type activities:	
Water and Sewer	\$ 1,936,624
Stormwater	99,164
Total depreciation expense - business-type activities	<u>\$ 2,035,788</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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 2017-2018, total premiums paid were \$239,801. 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 2017-2018 were \$478,695.

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 2018, a total of \$1,852,736 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 \$212,051 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 \$359,688 to mitigate the risk of these claims.

Changes in the claims liability for the current and two prior fiscal years 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>
2017-18	\$ 201,322	\$ 1,852,736	\$ (1,842,007)	\$ 212,051
2016-17	201,322	1,323,431	(1,323,431)	201,322
2015-16	151,089	2,332,751	(2,282,518)	201,322

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, 2018Note 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, 2018 the Town received direct funding from the federal and state government as follows:

Law Enforcement funds	\$ 429,984
Street Maintenance funds	3,448,074
Sales Taxes	1,923,415
Non-Categorical State Aid	1,227,186
Federal and State grants	1,829,552
	<u>\$ 8,858,211</u>

Note 9-Town Health Savings Service Merit - Pay-as-you-go (OPEB Plan):*Plan Description*

In addition to the pension benefits described in Note 6, the Town administers a single-employer defined benefit healthcare plan, The Town of Christiansburg, VA Service Merit (OPEB) Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits from the Service Merit Plan are provided to eligible retirees. Eligible retirees receive a Service Merit of \$10 per month for each year of service to the Town until attaining age 65 or Medicare eligibility, whichever occurs first. Upon attaining age 65 or Medicare eligibility, eligible retirees receive a Service Merit of \$100 per month for the remainder of their lifetime. Service Merit monies are deposited into the retiree's ICMA Retirement Health Savings (RHS) plan in compliance with IRS regulations. Upon death the benefits cease and are non-transferrable; however, monies already in the retiree's RHS account may be directed to a beneficiary. Employees become eligible for the Service Merit Plan when retiring directly from the Town with 20 or more years of service at retirement and meeting various Virginia Retirement System (VRS) eligibility criteria.

Plan Membership

At June 30, 2018 (measurement date), the following employees were covered by the benefit terms:

Active Participants	231
Inactive Participants	<u>26</u>
Total Participants	<u><u>257</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 9-Town Health Savings Service Merit - Pay-as-you-go (OPEB Plan): (Continued)

Contributions

The Town does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town Council. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2018 was \$53,872.

Total OPEB Liability

The Town's total OPEB liability was measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of July 1, 2016 2.50% per year as of June 30, 2017
Salary Increases	Annual payroll growth of 3.00% is assumed. Future payment amounts of the service merit were assumed to remain level in future years.
Discount Rate	3.50% for accounting and funding disclosures as of June 30, 2017 3.87% for accounting and funding disclosures as of June 30, 2018
Investment Rate of Return	3.50% as of June 30, 2017 3.87% as of June 30, 2018
Participation Rate	100% participation is assumed

The mortality rates for active and healthy retirees was calculated using the RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with males set forward 2 years (5 years for Public Safety employees) and females set back 3 years. The mortality rates for inactive and healthy retirees was RP-2000 Combined Healthy Mortality Tables projected to 2020 using Scale AA with females set back 1 year. The mortality tables for inactive and disabled retirees was RP-2000 Disabled Life Mortality Tables with males set back 3 years and no provision for future mortality improvement.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

The Long-Term Expected Rate of Return on OPEB Plan investments is 3.50% as of June 30, 2017 and 3.87% as of June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 9-Town Health Savings Service Merit - Pay-as-you-go (OPEB Plan): (Continued)*Discount Rate*

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer General Obligation 20-Bond Municipal Index. The final equivalent single discount rate used for this year's valuation is 3.87% as of the end of the fiscal year with the expectation that the Town will continue contributing the Actuarially Determined Contribution and paying the pay-go cost cash on hand.

Changes in Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2017	\$ 2,063,276
Changes for the year:	
Service cost	\$ 58,473
Interest	73,326
Change in assumptions	(102,637)
Benefit payments, including refunds of employee contributions	(53,872)
Net changes	\$ (24,710)
Balances at June 30, 2018	\$ 2,038,566

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current discount rate:

Discount Rate		
1% Decrease (2.87%)	Current (3.87%)	1% Increase (4.87%)
\$ 2,332,494	\$ 2,038,566	\$ 1,792,474

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 9-Town Health Savings Service Merit - Pay-as-you-go (OPEB Plan): (Continued)*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The Town has not provided a sensitivity analysis due to the change in healthcare cost trend rate estimates because the OPEB benefit is a set dollar amount and not dependent upon the health care cost trend.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, the Town recognized OPEB expense in the amount of \$119,128. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	89,966
Change in proportionate shares	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ -	\$ 89,966

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2019	\$ (12,671)
2020	(12,671)
2021	(12,671)
2022	(12,671)
2023	(12,671)
Thereafter	(26,611)

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10-OPEB - Line of Duty Act (LODA) Program:*Plan Description*

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VALORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA Program OPEB, including eligibility, coverage and benefits is set out in the table below:

LINE OF DUTY ACT PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The eligible employees of the Line of Duty Act Program are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VALORS).</p>
<p>Benefit Amounts</p> <p>The Line of Duty Act Program provides death and health insurance benefits for eligible individuals:</p> <ul style="list-style-type: none"> • <u>Death</u> - The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: <ul style="list-style-type: none"> ○ \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. ○ \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. ○ An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001. • <u>Health Insurance</u> - The Line of Duty Act program provides health insurance benefits. <ul style="list-style-type: none"> ○ Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. ○ Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)

Contributions

The contribution requirements for the Line of Duty Act Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program for the year ended June 30, 2018 was \$567.37 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program from the entity were \$55,744 and \$54,042 for the years ended June 30, 2018 and June 30, 2017, respectively.

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2018, the entity reported a liability of \$1,317,000 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2017 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2017, the entity's proportion was 0.50108% as compared to 0.50518% at June 30, 2016.

For the year ended June 30, 2018, the entity recognized LODA OPEB expense \$115,000. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)*LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)*

At June 30, 2018, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ -	\$ 136,000
Change in proportionate shares	-	10,000
Net difference between projected and actual earnings on LODA OPEB plan investments	-	2,000
Employer contributions subsequent to the measurement date	<u>55,744</u>	<u>-</u>
Total	<u>\$ 55,744</u>	<u>\$ 148,000</u>

\$55,744 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2019	\$ 18,000
2020	18,000
2021	18,000
2022	18,000
2023	18,000
Thereafter	58,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)*Actuarial Assumptions*

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
Locality employees	3.50%-4.75%
Medical cost trend rates assumption:	
Under age 65	7.75%-5.00%
Ages 65 and older	5.75%-5.00%
Investment rate of return	3.56%, net of OPEB plan investment expenses, 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 3.56%. However, since the difference was minimal, a more conservative 3.56% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.56% was used since it approximates the risk-free rate of return.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality rates - General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality rates - SPORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality rates - VaLORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)*Changes to the LODA Program Associated with HB 1345 (2016) and HB 2243 (2017)*

The following changes were made to the LODA Program as a result of legislation in 2016 and 2017, but were specifically not considered in the June 30, 2016 actuarial valuation results which were rolled forward to the measurement date of June 30, 2017. There was no current actuarial experience on which to base the adjustments and the combined impact of the changes was not considered to be material to the final results. These changes will be factored into future actuarial valuations for the LODA Program.

- The discontinuance of spouse health care coverage, if a covered spouse divorces a disabled employee or a covered surviving spouse remarries.
- The potential for VRS's periodic review of the disability status of a disabled employee.
- For those beneficiaries who become eligible for health care benefits as the result of a disability occurring after June 30, 2017, the suspension of health care benefits in years when VRS certifies current income exceeds salary at the time of the disability, indexed for inflation.
- The extension of health care benefits for dependent children to age 26.
- The expansion of the definition of presumption of death or disability to include infectious diseases.

Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Line of Duty Act Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 266,252
Plan Fiduciary Net Position	<u>3,461</u>
Employers' Net OPEB Liability (Asset)	<u>\$ 262,791</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.30%

The total LODA OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.56% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.56% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)*Discount Rate*

The discount rate used to measure the total LODA OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.56%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%) or one percentage point higher (4.56%) than the current rate:

	Discount Rate		
	1% Decrease (2.56%)	Current (3.56%)	1% Increase (4.56%)
Town's proportionate share of the total LODA Net OPEB Liability	\$ 1,493,000	\$ 1,317,000	\$ 1,170,000

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 4.00%)	Current (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
Town's proportionate share of the total LODA Net OPEB Liability	\$ 1,118,000	\$ 1,317,000	\$ 1,564,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 10-OPEB - Line of Duty Act (LODA) Program: (Continued)*LODA OPEB Fiduciary Net Position*

Detailed information about the Line of Duty Act Program Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11-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. Under the accrual basis, assessments for future periods are deferred.

	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	\$ -	\$ 169,526
Tax assessments due after June 30	4,522,675	4,522,675
Prepaid property taxes due after June 30 but paid in advance by taxpayers	7,565	7,565
Unavailable EMS billing revenue representing uncollected billings that are not available for the funding of current expenditures	-	12,266
	\$ 4,530,240	\$ 4,712,032

Note 12-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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 12-Contingencies: (Continued)

Federal programs in which the Town participates were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this guidance 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.

Note 13-Commitments:

At June 30, 2018, 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>
Church/Rigby Ellett Storm Drain Improvement	\$ 1,262,045	\$ 785,716	\$ 122,093	\$ 20,694
Downtown Watershed Study	150,000	40,325	36,050	-
Hans Meadow Storm Drain Design	64,000	-	25,685	-
Towne Brach Stream Restoration	521,551	7,750	37,473	10,276
Phase 1 & 2 Facility Assessment	119,900	59,950	59,950	-
Total	<u>\$ 2,117,496</u>	<u>\$ 893,741</u>	<u>\$ 281,251</u>	<u>\$ 30,970</u>

In addition to the above contracts, the Town entered into a performance agreement with a Company through the Economic Development Authority of Montgomery County, Virginia to provide a cash incentive of \$1,380,000. As of June 30, 2018, the Company had not completed the performance requirements but the Town expects the Company will do so in fiscal year 2019.

Note 14-Contributed Capital:

The Town received infrastructure in the Water and Sewer Fund of \$520,000 during the year ended June 30, 2018. The Town on occasion receives contribution of streets and related infrastructure from developers but did not receive any during fiscal year 2018.

Note 15-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 \$199,097 liability for postclosure care costs at June 30, 2018 represents the estimated liability based on the usage of 100% of the estimated capacity of the landfill. The liability accrued at June 30, 2018 is based on what it would cost to perform all postclosure care in 2018. Actual costs may differ from this estimate due to inflation, changes in technology, or changes in regulation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 16-Litigation:

As of June 30, 2018, 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.

Note 17-Fund Balances:

	General Fund	Special Revenue Funds	Cemetery Fund	Total
Nonspendable:				
Perpetual Care	\$ -	\$ -	\$ 684,430	\$ 684,430
Prepaid items	135,279	-	-	135,279
Restricted:				
Law Enforcement	-	126,202	-	126,202
Fire Department	-	888,575	-	888,575
Lifesaving-Rescue Squad	-	1,146,434	-	1,146,434
Parks and Recreation	-	5,175	-	5,175
Assigned:				
Ambulance for Rescue	144,495	-	-	144,495
Emergency Serv. Building	1,573,290	-	-	1,573,290
Ladder Truck	258,622	-	-	258,622
Reserve for Wastewater Infrastructure	1,357,404	-	-	1,357,404
Construction of Connector Road	1,025,090	-	-	1,025,090
Public Works Building	508,680	-	-	508,680
New ERP System	878,596	-	-	878,596
Reserve for Health Insurance	359,688	-	-	359,688
New Regional Park	1,561,823	-	-	1,561,823
Columbarium - Cemetery	-	-	152,393	152,393
Aquatic Center Repairs/Renov.	522,606	-	-	522,606
Capital Projects	1,003,360	-	-	1,003,360
Unassigned	23,179,082	-	-	23,179,082
Total	\$ 32,508,015	\$ 2,166,386	\$ 836,823	\$ 35,511,224

Note 18-Subsequent Events:

Subsequent to June 30, 2018, the Town entered into the following contracts:

- Construction agreement in the amount of \$721,580 for the Hans Meadow Drainage Improvements.
- Construction agreement in the amount of \$1,915,933 for rehabilitation of the sewer systems on College Street.
- Construction agreement in the amount of \$488,500 for repairs of Dunlap Drive and Providence Blvd.
- Inspection services for various construction projects in the amount of \$254,881.
- Engineering and design service contracts totaling \$396,274.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018Note 19-Adoption of Accounting Principles:

The Town implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the Town implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in the following restatement of net position:

	Governmental Activities	Business-type Activities
Net Position, July 1, 2017, as previously stated	\$ 134,831,556	\$ 37,387,706
GASB 75 Implementation:		
Remove net OPEB obligation	827,421	-
Add net OPEB liability - Service Merit	(1,728,692)	(334,584)
Add net OPEB liability - VRS LODA	(1,406,000)	-
Add deferred outflows of resources - VRS LODA	54,042	
Net Position, July 1, 2017, as restated	<u>\$ 132,578,327</u>	<u>\$ 37,053,122</u>

Note 20-Upcoming Pronouncements:

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

Note 20-Upcoming Pronouncements: (Continued)

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 4,375,450	\$ 4,375,450	\$ 4,515,381	\$ 139,931
Other local taxes	15,250,900	15,250,900	15,704,313	453,413
Permits, privilege fees, and regulatory licenses	239,600	239,600	253,563	13,963
Fines and forfeitures	84,000	84,000	85,653	1,653
Revenue from the use of money and property	520,000	520,000	690,322	170,322
Charges for services	2,642,458	2,642,458	2,637,972	(4,486)
Miscellaneous	218,690	218,690	182,820	(35,870)
Intergovernmental:				
Commonwealth	4,852,052	4,852,052	5,153,153	301,101
Federal	-	-	1,741	1,741
Total revenues	<u>\$ 28,183,150</u>	<u>\$ 28,183,150</u>	<u>\$ 29,224,918</u>	<u>\$ 1,041,768</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,792,805	\$ 3,670,084	\$ 3,070,637	\$ 599,447
Public safety	8,858,040	9,171,488	8,627,557	543,931
Public works	6,620,116	6,711,515	5,879,170	832,345
Health and welfare	4,076	4,076	4,076	-
Parks, recreation, and cultural	4,404,775	4,472,310	4,039,243	433,067
Community development	1,492,593	2,924,318	1,440,216	1,484,102
Debt service:				
Principal	794,277	794,277	792,840	1,437
Interest and other fiscal charges	233,478	233,478	227,828	5,650
Total expenditures	<u>\$ 26,200,160</u>	<u>\$ 27,981,546</u>	<u>\$ 24,081,567</u>	<u>\$ 3,899,979</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,982,990</u>	<u>\$ 201,604</u>	<u>\$ 5,143,351</u>	<u>\$ 4,941,747</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (7,047,988)	\$ (7,143,263)	\$ (1,115,378)	\$ 6,027,885
Total other financing sources (uses)	<u>\$ (7,047,988)</u>	<u>\$ (7,143,263)</u>	<u>\$ (1,115,378)</u>	<u>\$ 6,027,885</u>
Net change in fund balances	<u>\$ (5,064,998)</u>	<u>\$ (6,941,659)</u>	<u>\$ 4,027,973</u>	<u>\$ 10,969,632</u>
Fund balances - beginning	5,064,998	6,941,659	28,480,042	21,538,383
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,508,015</u>	<u>\$ 32,508,015</u>

Note 1: GAAP serves as the budgetary basis of accounting

Town of Christiansburg, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
For the Year Ended June 30, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 58,473
Interest	73,326
Changes in assumptions	(102,637)
Differences between expected and actual experience	-
Benefit payments	<u>(53,872)</u>
Net change in total OPEB liability	\$ (24,710)
Total OPEB liability - beginning	<u>2,063,276</u>
Total OPEB liability - ending	<u><u>\$ 2,038,566</u></u>
 Covered payroll	 \$ 10,661,914
 Town's total OPEB liability (asset) as a percentage of covered payroll	 19.12%

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

Town of Christiansburg, Virginia
Notes to Required Supplementary Information - Town OPEB
For the Year Ended June 30, 2018

Valuation Date: 6/30/2017
Measurement Date: 6/30/2018

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% as of June 30, 2017; 3.87% as of June 30, 2018
Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Salary Increase Rates	Annual payroll growth of 3.00% was assumed. Future payments of the pre-65 service merit were assumed to remain level in future years.
Participation Rate	The assumed participation rate is 100%
Retirement Age	The average age at retirement is 65
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with males set forward 2 years (5 years for Public Safety employees) and females set back 3 years. The mortality rates for inactive and healthy retirees was RP-2000 Combined Healthy Mortality Tables projected to 2020 using Scale AA with females set back 1 year. The mortality tables for inactive and disabled retirees was RP-2000 Disabled Life Mortality Tables with males set back 3 years and no provision for future mortality improvement.

Town of Christiansburg, Virginia
Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act Program (LODA)
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2017	0.5011% \$	1,317,000 \$	N/A	N/A	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

Town of Christiansburg, Virginia
Schedule of Employer Contributions
Line of Duty Act Program (LODA)
For the Years Ended June 30, 2017 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2018	\$ 55,744	\$ 55,744	\$ -	\$ N/A	N/A
2017	54,042	54,042	-	N/A	N/A

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only two years of data are available. However, additional years will be included as they become available.

Exhibit 15

Town of Christiansburg, Virginia
Notes to Required Supplementary Information
Line of Duty Act Program (LODA)
For the Year Ended June 30, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Exhibit 15

Town of Christiansburg, Virginia
Notes to Required Supplementary Information
Line of Duty Act Program (LODA)
For the Year Ended June 30, 2018

Employees in the Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Town of Christiansburg, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 1,289,347	\$ 1,280,862	\$ 1,263,483	\$ 1,218,068
Interest	2,872,601	2,759,557	2,767,954	2,617,701
Changes of benefit terms	15,091	-	-	-
Differences between expected and actual experience	(270,061)	(513,834)	(2,435,426)	-
Changes in assumptions	(239,818)	-	-	-
Benefit payments, including refunds of employee contributions	(2,075,883)	(1,747,447)	(1,684,483)	(1,694,123)
Net change in total pension liability	\$ 1,591,277	\$ 1,779,138	\$ (88,472)	\$ 2,141,646
Total pension liability - beginning	42,075,101	40,295,963	40,384,435	38,242,789
Total pension liability - ending (a)	<u>\$ 43,666,378</u>	<u>\$ 42,075,101</u>	<u>\$ 40,295,963</u>	<u>\$ 40,384,435</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,175,271	\$ 1,434,651	\$ 1,411,075	\$ 1,350,284
Contributions - employee	527,321	534,433	529,905	521,352
Net investment income	3,910,906	561,458	1,373,398	4,047,352
Benefit payments, including refunds of employee contributions	(2,075,883)	(1,747,447)	(1,684,483)	(1,694,123)
Administrative expense	(22,474)	(19,100)	(18,251)	(21,472)
Other	(3,487)	(235)	(292)	213
Net change in plan fiduciary net position	\$ 3,511,654	\$ 763,760	\$ 1,611,352	\$ 4,203,606
Plan fiduciary net position - beginning	32,170,158	31,406,398	29,795,046	25,591,440
Plan fiduciary net position - ending (b)	<u>\$ 35,681,812</u>	<u>\$ 32,170,158</u>	<u>\$ 31,406,398</u>	<u>\$ 29,795,046</u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 7,984,566	\$ 9,904,943	\$ 8,889,565	\$ 10,589,389
Plan fiduciary net position as a percentage of the total pension liability (asset)	81.71%	76.46%	77.94%	73.78%
Covered payroll	\$ 10,493,491	\$ 10,722,354	\$ 10,546,151	\$ 10,424,573
Town's net pension liability (asset) as a percentage of covered payroll	76.09%	92.38%	84.29%	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 Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2018	\$ 1,199,714	\$ 1,199,714	\$ -	\$ 10,711,732	11.20%
2017	1,175,271	1,175,271	-	10,493,491	11.20%
2016	1,434,651	1,434,651	-	10,722,354	13.38%
2015	1,411,075	1,411,075	-	10,546,151	13.38%
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%

Fiscal year 2018 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, 2018

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 is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

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

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Other Supplementary Information

Town of Christiansburg, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	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	\$ -	\$ -	\$ -	\$ -	\$ 120,637	\$ -	\$ 120,637
Cash and cash equivalents - restricted	898,031	1,011,228	139,679	-	684,430	-	2,733,368
Accounts receivable, net of allowance	-	174,265	-	-	-	25,000	199,265
Due from other governmental units	6,144	-	14,878	72,862	-	608,622	702,506
Due from other funds	-	-	-	-	35,368	-	35,368
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 904,175</u>	<u>\$ 1,185,493</u>	<u>\$ 154,557</u>	<u>\$ 72,862</u>	<u>\$ 840,435</u>	<u>\$ 633,622</u>	<u>\$ 3,791,144</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 9,505	\$ 6,438	\$ -	\$ -	\$ 3,612	\$ -	\$ 19,555
Due to other funds	6,095	20,355	13,881	67,687	-	458,622	566,640
Unearned revenue	-	-	14,474	-	-	175,000	189,474
Total liabilities	<u>\$ 15,600</u>	<u>\$ 26,793</u>	<u>\$ 28,355</u>	<u>\$ 67,687</u>	<u>\$ 3,612</u>	<u>\$ 633,622</u>	<u>\$ 775,669</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - EMS billings	\$ -	\$ 12,266	\$ -	\$ -	\$ -	\$ -	\$ 12,266
FUND BALANCES							
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 684,430	\$ -	\$ 684,430
Restricted	888,575	1,146,434	126,202	5,175	-	-	2,166,386
Assigned	-	-	-	-	152,393	-	152,393
Total fund balances	<u>\$ 888,575</u>	<u>\$ 1,146,434</u>	<u>\$ 126,202</u>	<u>\$ 5,175</u>	<u>\$ 836,823</u>	<u>\$ -</u>	<u>\$ 3,003,209</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 904,175</u>	<u>\$ 1,185,493</u>	<u>\$ 154,557</u>	<u>\$ 72,862</u>	<u>\$ 840,435</u>	<u>\$ 633,622</u>	<u>\$ 3,791,144</u>

Town of Christiansburg, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	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	\$ 10,968	\$ 16,911	\$ 2,259	\$ -	\$ 8,250	\$ -	\$ 38,388
Charges for services	-	867,508	-	-	101,952	-	969,460
Miscellaneous	142,791	118,145	28,905	13,511	-	25,000	328,352
Intergovernmental:							
Commonwealth	70,343	8,581	53,052	-	-	1,097,388	1,229,364
Federal	6,142	-	58,667	124,846	-	360,883	550,538
Total revenues	<u>\$ 230,244</u>	<u>\$ 1,011,145</u>	<u>\$ 142,883</u>	<u>\$ 138,357</u>	<u>\$ 110,202</u>	<u>\$ 1,483,271</u>	<u>\$ 3,116,102</u>
EXPENDITURES							
Current:							
Public safety	\$ 161,448	\$ 959,564	\$ 181,456	\$ -	\$ -	\$ -	\$ 1,302,468
Public works	-	-	-	11,073	-	-	11,073
Parks, recreation, and cultural	-	-	-	29,901	229,919	-	259,820
Capital projects	-	-	-	-	-	2,484,701	2,484,701
Total expenditures	<u>\$ 161,448</u>	<u>\$ 959,564</u>	<u>\$ 181,456</u>	<u>\$ 40,974</u>	<u>\$ 229,919</u>	<u>\$ 2,484,701</u>	<u>\$ 4,058,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 68,796</u>	<u>\$ 51,581</u>	<u>\$ (38,573)</u>	<u>\$ 97,383</u>	<u>\$ (119,717)</u>	<u>\$ (1,001,430)</u>	<u>\$ (941,960)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ -	\$ -	\$ 14,558	\$ 209,722	\$ 1,001,430	\$ 1,225,710
Transfers out	-	-	-	(110,332)	-	-	(110,332)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (95,774)</u>	<u>\$ 209,722</u>	<u>\$ 1,001,430</u>	<u>\$ 1,115,378</u>
Net change in fund balances	\$ 68,796	\$ 51,581	\$ (38,573)	\$ 1,609	\$ 90,005	\$ -	\$ 173,418
Fund balances - beginning	819,779	1,094,853	164,775	3,566	746,818	-	2,829,791
Fund balances - ending	<u>\$ 888,575</u>	<u>\$ 1,146,434</u>	<u>\$ 126,202</u>	<u>\$ 5,175</u>	<u>\$ 836,823</u>	<u>\$ -</u>	<u>\$ 3,003,209</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, 2018

	<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	\$ -	\$ -	\$ 10,968	\$ 10,968
Miscellaneous	115,270	115,270	142,791	27,521
Intergovernmental:				
Commonwealth	-	-	70,343	70,343
Federal	7,500	7,500	6,142	(1,358)
Total revenues	<u>\$ 122,770</u>	<u>\$ 122,770</u>	<u>\$ 230,244</u>	<u>\$ 107,474</u>
EXPENDITURES				
Current:				
Public safety	\$ 162,770	\$ 162,770	\$ 161,448	\$ 1,322
Total expenditures	<u>\$ 162,770</u>	<u>\$ 162,770</u>	<u>\$ 161,448</u>	<u>\$ 1,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>	<u>\$ 68,796</u>	<u>\$ 108,796</u>
Net change in fund balances	<u>\$ (40,000)</u>	<u>\$ (40,000)</u>	<u>\$ 68,796</u>	<u>\$ 108,796</u>
Fund balances - beginning	40,000	40,000	819,779	779,779
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 888,575</u>	<u>\$ 888,575</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, 2018

	Budgeted Amounts			Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 16,911	\$ 16,911
Charges for services	700,000	722,300	867,508	145,208
Miscellaneous	156,250	156,250	118,145	(38,105)
Intergovernmental:				
Commonwealth	12,000	12,000	8,581	(3,419)
Total revenues	<u>\$ 868,250</u>	<u>\$ 890,550</u>	<u>\$ 1,011,145</u>	<u>\$ 120,595</u>
EXPENDITURES				
Current:				
Public safety	\$ 1,050,223	\$ 1,077,192	\$ 959,564	\$ 117,628
Total expenditures	<u>\$ 1,050,223</u>	<u>\$ 1,077,192</u>	<u>\$ 959,564</u>	<u>\$ 117,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (181,973)</u>	<u>\$ (186,642)</u>	<u>\$ 51,581</u>	<u>\$ 238,223</u>
Net change in fund balances	\$ (181,973)	\$ (186,642)	\$ 51,581	\$ 238,223
Fund balances - beginning	181,973	186,642	1,094,853	908,211
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,146,434</u>	<u>\$ 1,146,434</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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,259	\$ 2,259
Miscellaneous	30,402	30,402	28,905	(1,497)
Intergovernmental:				
Commonwealth	81,830	81,830	53,052	(28,778)
Federal	34,000	34,000	58,667	24,667
Total revenues	<u>\$ 146,232</u>	<u>\$ 146,232</u>	<u>\$ 142,883</u>	<u>\$ (3,349)</u>
EXPENDITURES				
Current:				
Public safety	\$ 276,232	\$ 276,232	\$ 181,456	\$ 94,776
Total expenditures	<u>\$ 276,232</u>	<u>\$ 276,232</u>	<u>\$ 181,456</u>	<u>\$ 94,776</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (130,000)</u>	<u>\$ (130,000)</u>	<u>\$ (38,573)</u>	<u>\$ 91,427</u>
Net change in fund balances	\$ (130,000)	\$ (130,000)	\$ (38,573)	\$ 91,427
Fund balances - beginning	130,000	130,000	164,775	34,775
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,202</u>	<u>\$ 126,202</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ 27,070	\$ 27,070	\$ 13,511	\$ (13,559)
Intergovernmental:				
Federal	145,000	151,683	124,846	(26,837)
Total revenues	<u>\$ 172,070</u>	<u>\$ 178,753</u>	<u>\$ 138,357</u>	<u>\$ (40,396)</u>
EXPENDITURES				
Current:				
Public works	\$ 178,000	\$ 184,683	\$ 11,073	\$ 173,610
Parks, recreation, and cultural	4,250	4,490	29,901	(25,411)
Total expenditures	<u>\$ 182,250</u>	<u>\$ 189,173</u>	<u>\$ 40,974</u>	<u>\$ 148,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (10,180)</u>	<u>\$ (10,420)</u>	<u>\$ 97,383</u>	<u>\$ 107,803</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 50,000	\$ 40,000	\$ 14,558	\$ (25,442)
Transfers Out	(61,496)	(46,407)	(110,332)	(63,925)
Total other financing sources (uses)	<u>\$ (11,496)</u>	<u>\$ (6,407)</u>	<u>\$ (95,774)</u>	<u>\$ (89,367)</u>
Net change in fund balances	\$ (21,676)	\$ (16,827)	\$ 1,609	\$ 18,436
Fund balances - beginning	21,676	16,827	3,566	(13,261)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,175</u>	<u>\$ 5,175</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 3,500	\$ 3,500	\$ 8,250	\$ 4,750
Charges for services	95,000	95,000	101,952	6,952
Total revenues	<u>\$ 98,500</u>	<u>\$ 98,500</u>	<u>\$ 110,202</u>	<u>\$ 11,702</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 267,256	\$ 271,301	\$ 229,919	\$ 41,382
Total expenditures	<u>\$ 267,256</u>	<u>\$ 271,301</u>	<u>\$ 229,919</u>	<u>\$ 41,382</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (168,756)</u>	<u>\$ (172,801)</u>	<u>\$ (119,717)</u>	<u>\$ 53,084</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 212,256	\$ 216,301	\$ 209,722	\$ (6,579)
Net change in fund balances	\$ 43,500	\$ 43,500	\$ 90,005	\$ 46,505
Fund balances - beginning	(43,500)	(43,500)	746,818	790,318
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 836,823</u>	<u>\$ 836,823</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ 50,000	\$ 25,000	\$ (25,000)
Commonwealth	1,670,815	2,190,234	1,097,388	(1,092,846)
Federal	2,560,334	3,447,524	360,883	(3,086,641)
Total revenues	<u>\$ 4,231,149</u>	<u>\$ 5,687,758</u>	<u>\$ 1,483,271</u>	<u>\$ (4,204,487)</u>
EXPENDITURES				
Current:				
Capital projects	\$ 7,156,940	\$ 8,581,984	\$ 2,484,701	\$ 6,097,283
Total expenditures	<u>\$ 7,156,940</u>	<u>\$ 8,581,984</u>	<u>\$ 2,484,701</u>	<u>\$ 6,097,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,925,791)</u>	<u>\$ (2,894,226)</u>	<u>\$ (1,001,430)</u>	<u>\$ 1,892,796</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,925,791	\$ 2,894,226	\$ 1,001,430	\$ (1,892,796)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supporting Schedules

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

Schedule 1
Page 1 of 6

<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	\$ 3,259,000	\$ 3,259,000	\$ 3,297,925	\$ 38,925
Real and personal PSC tax	85,800	85,800	86,500	700
Personal property tax	703,200	703,200	773,295	70,095
Mobile home tax	5,365	5,365	5,995	630
Machinery and tools tax	292,085	292,085	302,693	10,608
Penalties	20,000	20,000	29,874	9,874
Interest	10,000	10,000	19,099	9,099
Total general property taxes	\$ 4,375,450	\$ 4,375,450	\$ 4,515,381	\$ 139,931
Other local taxes:				
Local sales and use taxes	\$ 1,900,000	\$ 1,900,000	\$ 1,923,415	\$ 23,415
Consumers' utility taxes	570,000	570,000	598,278	28,278
Cigarette tax	500,000	500,000	486,156	(13,844)
Business license taxes	2,440,800	2,440,800	2,471,309	30,509
Consumption taxes	155,000	155,000	129,043	(25,957)
Motor vehicle licenses	595,000	595,000	607,493	12,493
Bank stock taxes	650,000	650,000	830,169	180,169
Lodging taxes	1,610,100	1,610,100	1,642,906	32,806
Restaurant food taxes	6,830,000	6,830,000	7,015,544	185,544
Total other local taxes	\$ 15,250,900	\$ 15,250,900	\$ 15,704,313	\$ 453,413
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 150,000	\$ 150,000	\$ 173,986	\$ 23,986
Zoning permits	9,000	9,000	12,427	3,427
Permits and other licenses	80,600	80,600	67,150	(13,450)
Total permits, privilege fees, and regulatory licenses	\$ 239,600	\$ 239,600	\$ 253,563	\$ 13,963
Fines and forfeitures:				
Court fines and forfeitures	\$ 84,000	\$ 84,000	\$ 85,653	\$ 1,653
Revenue from use of money and property:				
Revenue from use of money	\$ 245,000	\$ 245,000	\$ 421,881	\$ 176,881
Revenue from use of property	275,000	275,000	268,441	(6,559)
Total revenue from use of money and property	\$ 520,000	\$ 520,000	\$ 690,322	\$ 170,322
Charges for services:				
Charges for recreation	\$ 228,000	\$ 228,000	\$ 226,098	\$ (1,902)
Charges for aquatics	831,400	831,400	826,327	(5,073)
Charges for Farmer's Market	2,900	2,900	375	(2,525)
Charges for alarm fees	1,800	1,800	680	(1,120)
Charges for refuse collections	1,578,358	1,578,358	1,584,492	6,134
Total charges for services	\$ 2,642,458	\$ 2,642,458	\$ 2,637,972	\$ (4,486)

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

<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	\$ 218,690	\$ 218,690	\$ 182,820	\$ (35,870)
Total revenue from local sources	\$ 23,331,098	\$ 23,331,098	\$ 24,070,024	\$ 738,926
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 171,000	\$ 171,000	\$ 176,459	\$ 5,459
Mobile home titling tax	16,000	16,000	11,168	(4,832)
Telecommunications Tax	860,000	860,000	811,006	(48,994)
Personal property tax relief funds	228,552	228,552	228,553	1
Total noncategorical aid	\$ 1,275,552	\$ 1,275,552	\$ 1,227,186	\$ (48,366)
Categorical aid:				
Other categorical aid:				
DJCP law enforcement grants	\$ 430,000	\$ 430,000	\$ 429,984	\$ (16)
Litter control grant	5,000	5,000	5,174	174
Street maintenance	3,100,000	3,100,000	3,448,074	348,074
State E911 program	41,400	41,400	42,735	1,335
Military Affairs grants	100	100	-	(100)
Total other categorical aid	\$ 3,576,500	\$ 3,576,500	\$ 3,925,967	\$ 349,467
Total categorical aid	\$ 3,576,500	\$ 3,576,500	\$ 3,925,967	\$ 349,467
Total revenue from the Commonwealth	\$ 4,852,052	\$ 4,852,052	\$ 5,153,153	\$ 301,101
Revenue from the Federal Government:				
Categorical aid:				
FEMA grants	\$ -	\$ -	\$ 1,741	\$ 1,741
Total intergovernmental	\$ 4,852,052	\$ 4,852,052	\$ 5,154,894	\$ 302,842
Total General Fund	\$ 28,183,150	\$ 28,183,150	\$ 29,224,918	\$ 1,041,768
Special Revenue Funds:				
Volunteer Fire Dept. Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 10,968	\$ 10,968
Miscellaneous:				
Montgomery County, Virginia contributions	\$ 115,270	\$ 115,270	\$ 142,791	\$ 27,521
Total revenue from local sources	\$ 115,270	\$ 115,270	\$ 153,759	\$ 38,489

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

<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	\$ -	\$ -	\$ 70,343	\$ 70,343
Total revenue from the Commonwealth	\$ -	\$ -	\$ 70,343	\$ 70,343
Revenue from the federal government:				
Categorical aid:				
FEMA grant	\$ 7,500	\$ 7,500	\$ 6,142	\$ (1,358)
Total revenue from the federal government	\$ 7,500	\$ 7,500	\$ 6,142	\$ (1,358)
Total intergovernmental	\$ 7,500	\$ 7,500	\$ 76,485	\$ 68,985
Total Volunteer Fire Department Fund	\$ 122,770	\$ 122,770	\$ 230,244	\$ 107,474
Lifesaving and Rescue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 16,911	\$ 16,911
Charges for services:				
EMS billings	\$ 700,000	\$ 722,300	\$ 867,508	\$ 145,208
Miscellaneous:				
Montgomery County, Virginia contributions	\$ 156,250	\$ 156,250	\$ 101,310	\$ (54,940)
Other contributions	-	-	16,835	16,835
Total miscellaneous	\$ 156,250	\$ 156,250	\$ 118,145	\$ (38,105)
Total revenue from local sources	\$ 856,250	\$ 878,550	\$ 1,002,564	\$ 124,014
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Four for Life grants	\$ 12,000	\$ 12,000	\$ 8,581	\$ (3,419)
Total revenue from the Commonwealth	\$ 12,000	\$ 12,000	\$ 8,581	\$ (3,419)
Total Lifesaving and Rescue Fund	\$ 868,250	\$ 890,550	\$ 1,011,145	\$ 120,595
Police Department Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,259	\$ 2,259

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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>
Special Revenue Funds: (Continued)				
Police Department Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Contributions	\$ 10,000	\$ 10,000	\$ 6,526	\$ (3,474)
Other miscellaneous	20,402	20,402	22,379	1,977
Total miscellaneous	\$ 30,402	\$ 30,402	\$ 28,905	\$ (1,497)
Total revenue from local sources	\$ 30,402	\$ 30,402	\$ 31,164	\$ 762
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Police Department grants	\$ 81,830	\$ 81,830	\$ 53,052	\$ (28,778)
Total categorical aid	\$ 81,830	\$ 81,830	\$ 53,052	\$ (28,778)
Total revenue from the Commonwealth	\$ 81,830	\$ 81,830	\$ 53,052	\$ (28,778)
Revenue from the federal government:				
Categorical aid:				
Bullet Proof Vest Grant	\$ 3,000	\$ 3,000	\$ 3,672	\$ 672
DMV Select Enforcement Grant	11,000	11,000	24,665	13,665
Anti-Drug Grant	20,000	20,000	27,613	7,613
Other Police grants	-	-	2,717	2,717
Total categorical aid	\$ 34,000	\$ 34,000	\$ 58,667	\$ 24,667
Total revenue from the federal government	\$ 34,000	\$ 34,000	\$ 58,667	\$ 24,667
Total intergovernmental	\$ 115,830	\$ 115,830	\$ 111,719	\$ (4,111)
Total Police Department Fund	\$ 146,232	\$ 146,232	\$ 142,883	\$ (3,349)
Recreation and Streets Fund:				
Revenue from local sources:				
Miscellaneous:				
Contributions	\$ 21,570	\$ 21,570	\$ 7,188	\$ (14,382)
Other miscellaneous	5,500	5,500	6,323	823
Total miscellaneous revenue	\$ 27,070	\$ 27,070	\$ 13,511	\$ (13,559)
Total revenue from local sources	\$ 27,070	\$ 27,070	\$ 13,511	\$ (13,559)

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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>
Special Revenue Funds: (Continued)				
Recreation and Streets Fund: (Continued)				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant	\$ 105,000	\$ 111,683	\$ 111,683	\$ -
Transportation Enhancement Program	40,000	40,000	13,163	(26,837)
Total categorical aid	<u>\$ 145,000</u>	<u>\$ 151,683</u>	<u>\$ 124,846</u>	<u>\$ (26,837)</u>
Total revenue from the federal government	<u>\$ 145,000</u>	<u>\$ 151,683</u>	<u>\$ 124,846</u>	<u>\$ (26,837)</u>
Total intergovernmental	<u>\$ 145,000</u>	<u>\$ 151,683</u>	<u>\$ 124,846</u>	<u>\$ (26,837)</u>
Total Recreation and Streets Fund	<u>\$ 172,070</u>	<u>\$ 178,753</u>	<u>\$ 138,357</u>	<u>\$ (40,396)</u>
Permanent Fund:				
Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ 8,250</u>	<u>\$ 4,750</u>
Charges for services:				
Charges for grave openings	\$ 55,000	\$ 55,000	\$ 70,205	\$ 15,205
Charges for plots	30,000	30,000	31,747	1,747
Charges for niches	10,000	10,000	-	(10,000)
Total charges for services	<u>\$ 95,000</u>	<u>\$ 95,000</u>	<u>\$ 101,952</u>	<u>\$ 6,952</u>
Total Cemetery Fund	<u>\$ 98,500</u>	<u>\$ 98,500</u>	<u>\$ 110,202</u>	<u>\$ 11,702</u>
Capital Projects Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 25,000</u>	<u>\$ (25,000)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT revenue sharing projects	\$ 1,670,815	\$ 2,190,234	\$ 1,097,388	\$ (1,092,846)
Total categorical aid	<u>\$ 1,670,815</u>	<u>\$ 2,190,234</u>	<u>\$ 1,097,388</u>	<u>\$ (1,092,846)</u>
Total revenue from the Commonwealth	<u>\$ 1,670,815</u>	<u>\$ 2,190,234</u>	<u>\$ 1,097,388</u>	<u>\$ (1,092,846)</u>

Town of Christiansburg, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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>
Capital Projects Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ 2,560,334	\$ 3,447,524	\$ 360,883	\$ (3,086,641)
Total categorical aid	\$ 2,560,334	\$ 3,447,524	\$ 360,883	\$ (3,086,641)
Total revenue from the federal government	\$ 2,560,334	\$ 3,447,524	\$ 360,883	\$ (3,086,641)
Total Capital Projects Fund	\$ 4,231,149	\$ 5,687,758	\$ 1,483,271	\$ (4,204,487)
Total Primary Government	\$ 33,822,121	\$ 35,307,713	\$ 32,341,020	\$ (2,966,693)

Town of Christiansburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

<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	\$ 74,475	\$ 94,245	\$ 85,323	\$ 8,922
General and financial administration:				
Town Manager	\$ 1,092,076	\$ 751,085	\$ 666,725	\$ 84,360
Legal services	60,000	60,000	81,960	(21,960)
Finance/Treasurer	823,376	950,535	857,732	92,803
Audit services	33,000	33,000	33,352	(352)
Human Resources	468,410	468,410	403,106	65,304
Public Relations	215,202	250,302	215,152	35,150
Information Systems	1,026,266	1,062,507	727,287	335,220
Total general and financial administration	\$ 3,718,330	\$ 3,575,839	\$ 2,985,314	\$ 590,525
Total general government administration	\$ 3,792,805	\$ 3,670,084	\$ 3,070,637	\$ 599,447
Public safety:				
Law enforcement and traffic control:				
Police	\$ 6,724,894	\$ 6,950,518	\$ 6,699,586	\$ 250,932
Fire and rescue services:				
Fire department	\$ 911,998	\$ 918,752	\$ 840,709	\$ 78,043
Lifesaving and Rescue Squad	804,626	805,638	741,607	64,031
Total fire and rescue services	\$ 1,716,624	\$ 1,724,390	\$ 1,582,316	\$ 142,074
Inspections:				
Building	\$ 416,522	\$ 496,580	\$ 345,655	\$ 150,925
Total public safety	\$ 8,858,040	\$ 9,171,488	\$ 8,627,557	\$ 543,931
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 4,729,965	\$ 4,761,747	\$ 4,120,504	\$ 641,243
Sanitation and waste removal:				
Refuse collections and disposal	\$ 1,125,962	\$ 1,182,257	\$ 1,140,371	\$ 41,886
Maintenance of general buildings and grounds:				
General properties	\$ 764,189	\$ 767,511	\$ 618,295	\$ 149,216
Total public works	\$ 6,620,116	\$ 6,711,515	\$ 5,879,170	\$ 832,345

Town of Christiansburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

<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: (Continued)				
Health and welfare:				
Welfare:				
Contribution to Area Agency on Aging	\$ 4,076	\$ 4,076	\$ 4,076	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 2,308,478	\$ 2,356,227	\$ 2,107,645	\$ 248,582
Aquatic center	1,705,207	1,706,220	1,559,508	146,712
Skate board park	376,090	394,863	357,090	37,773
Total parks and recreation	<u>\$ 4,389,775</u>	<u>\$ 4,457,310</u>	<u>\$ 4,024,243</u>	<u>\$ 433,067</u>
Cultural enrichment:				
Library	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Total parks, recreation, and cultural	<u>\$ 4,404,775</u>	<u>\$ 4,472,310</u>	<u>\$ 4,039,243</u>	<u>\$ 433,067</u>
Community development:				
Planning and community development:				
Planning department	\$ 308,041	\$ 283,041	\$ 246,623	\$ 36,418
Zoning administration	1,000	1,000	1,393	(393)
Planning Commission	13,200	13,200	6,172	7,028
Community development	398,448	398,448	419,791	(21,343)
Farmer's Market	13,389	6,822	5,758	1,064
Economic development	11,500	1,416,500	21,051	1,395,449
Engineering	747,015	805,307	739,428	65,879
Total planning and community development	<u>\$ 1,492,593</u>	<u>\$ 2,924,318</u>	<u>\$ 1,440,216</u>	<u>\$ 1,484,102</u>
Total community development	<u>\$ 1,492,593</u>	<u>\$ 2,924,318</u>	<u>\$ 1,440,216</u>	<u>\$ 1,484,102</u>
Debt service:				
Principal retirement	\$ 794,277	\$ 794,277	\$ 792,840	\$ 1,437
Interest and other fiscal charges	233,478	233,478	227,828	5,650
Total debt service	<u>\$ 1,027,755</u>	<u>\$ 1,027,755</u>	<u>\$ 1,020,668</u>	<u>\$ 7,087</u>
Total General Fund	<u>\$ 26,200,160</u>	<u>\$ 27,981,546</u>	<u>\$ 24,081,567</u>	<u>\$ 3,899,979</u>

Town of Christiansburg, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

<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	\$ 162,770	\$ 162,770	\$ 161,448	\$ 1,322
Total Volunteer Fire Department Fund	\$ 162,770	\$ 162,770	\$ 161,448	\$ 1,322
Lifesaving and Rescue Fund:				
Public Safety:				
Fire and rescue services:				
Lifesaving and Rescue Squad	\$ 1,050,223	\$ 1,077,192	\$ 959,564	\$ 117,628
Total Lifesaving and Rescue Fund	\$ 1,050,223	\$ 1,077,192	\$ 959,564	\$ 117,628
Police Department Fund:				
Public Safety:				
Law enforcement and traffic control:				
Police	\$ 276,232	\$ 276,232	\$ 181,456	\$ 94,776
Total Police Department Fund	\$ 276,232	\$ 276,232	\$ 181,456	\$ 94,776
Recreation and Streets Fund:				
Public Works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 178,000	\$ 184,683	\$ 11,073	\$ 173,610
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 4,250	\$ 4,490	\$ 29,901	\$ (25,411)
Total Recreation and Streets Fund	\$ 182,250	\$ 189,173	\$ 40,974	\$ 148,199
Permanent Fund:				
Cemetery Fund:				
Parks, recreation, and cultural:				
Cultural enrichment:				
Cemetery	\$ 267,256	\$ 271,301	\$ 229,919	\$ 41,382
Total Cemetery Fund	\$ 267,256	\$ 271,301	\$ 229,919	\$ 41,382
Capital Projects Fund:				
Capital projects expenditures:				
VDOT revenue sharing projects	\$ 4,898,393	\$ 6,345,495	\$ 2,101,456	\$ 4,244,039
Highway planning and construction projects	2,258,547	2,236,489	383,245	1,853,244
Total capital projects	\$ 7,156,940	\$ 8,581,984	\$ 2,484,701	\$ 6,097,283
Total Capital Projects Fund	\$ 7,156,940	\$ 8,581,984	\$ 2,484,701	\$ 6,097,283
Total Primary Government	\$ 35,295,831	\$ 38,540,198	\$ 28,139,629	\$ 10,400,569

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	127-133
Revenue Capacity	These schedules contain information to help the reader assess the Town's most significant local revenue sources. Tables 7-10	134-137
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 11-14	138-141
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 15-16	142-143
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. Tables 17-23	144-151

Table 1

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

	Fiscal Year									
	2018	2017(3)	2016	2015 (2)	2014 (1)	2013	2012	2011	2010	2009
Governmental Activities:										
Net Investment in capital assets	\$ 115,334,428	\$ 115,058,635	\$ 115,738,426	\$ 116,146,817	\$ 96,639,415	\$ 96,771,494	\$ 95,524,065	\$ 99,222,094	\$ 97,268,970	\$ 89,442,245
Restricted	2,850,816	2,829,791	2,541,147	7,439,965	6,516,996	6,727,355	6,423,678	6,185,491	289,784	227,903
Unrestricted	19,389,766	14,689,901	11,016,008	3,225,438	14,693,551	11,426,955	13,772,327	12,615,333	14,542,381	20,785,430
Total governmental activities net position	<u>\$ 137,575,010</u>	<u>\$ 132,578,327</u>	<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>
Business-type Activities:										
Net Investment in capital assets	\$ 38,738,098	\$ 36,457,700	\$ 33,472,929	\$ 32,160,376	\$ 30,020,184	\$ 32,585,256	\$ 32,752,921	\$ 31,469,741	\$ 31,179,842	\$ 30,681,352
Unrestricted	1,311,037	595,422	404,731	275,465	3,579,672	773,790	97,016	53,593	343,492	186,303
Total business-type activities net position	<u>\$ 40,049,135</u>	<u>\$ 37,053,122</u>	<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>
Primary Government:										
Net Investment in capital assets	\$ 154,072,526	\$ 151,516,335	\$ 149,211,355	\$ 148,307,193	\$ 126,659,599	\$ 129,356,750	\$ 128,276,986	\$ 130,691,835	\$ 128,448,812	\$ 120,123,597
Restricted	2,850,816	2,829,791	2,541,147	7,439,965	6,516,996	6,727,355	6,423,678	6,185,491	289,784	227,903
Unrestricted	20,700,803	15,285,323	11,420,739	3,500,903	18,273,223	12,200,745	13,869,343	12,668,926	14,885,873	20,971,733
Total business-type activities net position	<u>\$ 177,624,145</u>	<u>\$ 169,631,449</u>	<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>

(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.

(3) Fiscal year ending 2017 net position was restated as of July 1, 2017. The restated balances are reflected in the ending balances for fiscal year ending 2017 as shown above.

Table 2

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
General Government	\$ 3,057,593	\$ 2,924,666	\$ 2,865,185	\$ 2,747,508	\$ 2,805,119	\$ 4,944,169	\$ 2,220,167	\$ 2,376,491	\$ 2,205,112	\$ 1,870,600
Public Safety	9,458,653	8,514,939	9,216,920	8,583,324	8,418,250	8,198,793	8,658,968	7,298,345	8,022,207	6,969,518
Public Works	8,348,240	9,465,078	9,352,889	9,809,882	8,496,043	9,144,564	9,379,197	5,154,376	6,313,092	4,976,341
Health and Welfare	4,076	3,882	3,697	3,521	3,353	3,193	3,193	3,100	3,100	3,040
Parks, Recreation, and Culture	4,769,414	4,971,901	4,713,745	4,803,568	5,712,596	2,154,902	4,564,487	4,214,349	2,620,104	2,326,077
Community Development	1,426,797	1,480,200	1,534,477	1,519,574	1,224,353	1,363,587	1,409,722	1,145,498	1,392,967	1,270,096
Interest on Long Term Debt	241,069	247,633	334,535	289,866	301,654	525,402	550,881	574,940	60,257	364,675
Total governmental activities	\$ 27,305,842	\$ 27,608,299	\$ 28,021,448	\$ 27,757,243	\$ 26,961,368	\$ 26,334,610	\$ 26,786,615	\$ 20,767,099	\$ 20,616,839	\$ 17,780,347
Business-Type Activities:										
Water and Sewer and Stormwater	\$ 9,839,198	\$ 8,328,959	\$ 7,479,021	\$ 7,319,365	\$ 6,843,971	\$ 6,651,445	\$ 6,455,176	\$ 6,369,695	\$ 6,188,386	\$ 5,784,337
Total business-type activities expenses	\$ 9,839,198	\$ 8,328,959	\$ 7,479,021	\$ 7,319,365	\$ 6,843,971	\$ 6,651,445	\$ 6,455,176	\$ 6,369,695	\$ 6,188,386	\$ 5,784,337
Total primary government expenses	\$ 37,145,040	\$ 35,937,258	\$ 35,500,469	\$ 35,076,608	\$ 33,805,340	\$ 32,986,055	\$ 33,241,791	\$ 27,136,794	\$ 26,805,225	\$ 23,564,684
Program Revenues										
Governmental activities:										
Charges for Services										
Solid waste collection services	\$ 1,584,492	\$ 1,535,759	\$ 1,672,738	\$ 1,497,715	\$ 1,439,764	\$ 1,393,075	\$ 1,431,840	\$ 1,184,296	\$ 1,197,592	\$ 1,198,339
Public Safety	1,180,664	1,215,412	1,037,404	158,669	147,646	-	-	-	-	-
Parks, Recreation, and Cultural	1,154,377	1,178,694	1,157,044	1,067,981	992,090	1,021,767	1,001,541	1,022,857	199,813	201,556
Community Development	375	-	-	-	-	-	-	-	-	-
Operating grants and contributions	4,122,752	4,225,825	4,265,499	4,236,637	4,599,502	575,182	1,137,981	306,981	428,117	-
Capital grants and contributions	1,583,117	3,058,837	779,606	225	887,040	41,008	8,316	1,325,647	802,659	-
Total governmental activities program revenues	\$ 9,625,777	\$ 11,214,527	\$ 8,912,291	\$ 6,961,227	\$ 8,066,042	\$ 3,031,032	\$ 3,579,678	\$ 3,839,781	\$ 2,628,181	\$ 1,399,895
Business-Type Activities:										
Charges for Services										
Water and Sewer	\$ 10,272,784	\$ 8,913,642	\$ 8,824,901	\$ 7,629,157	\$ 6,873,832	\$ 6,958,537	\$ 6,613,507	\$ 5,855,965	\$ 5,932,787	\$ 5,602,405
Storm Water	1,385,403	1,397,976	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and contributions	1,177,024	973,318	95,939	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ 12,835,211	\$ 11,284,936	\$ 8,920,840	\$ 7,629,157	\$ 6,873,832	\$ 6,958,537	\$ 6,613,507	\$ 5,855,965	\$ 5,932,787	\$ 5,602,405
Total primary government program revenues	\$ 22,460,988	\$ 22,499,463	\$ 17,833,131	\$ 14,590,385	\$ 14,939,874	\$ 9,989,569	\$ 10,193,185	\$ 9,695,746	\$ 8,560,968	\$ 7,002,300
Net (Expense) Revenue										
Governmental activities	\$ (17,680,065)	\$ (16,393,772)	\$ (19,109,157)	\$ (20,796,016)	\$ (18,895,325)	\$ (23,303,578)	\$ (23,206,937)	\$ (16,927,318)	\$ (17,988,658)	\$ (16,380,452)
Business-type activities	2,996,013	2,955,977	1,441,819	309,792	29,861	307,092	158,331	(513,730)	(255,599)	(181,932)
Total primary government net (expense) revenue	\$ (14,684,052)	\$ (13,437,795)	\$ (17,667,338)	\$ (20,486,223)	\$ (18,865,464)	\$ (22,996,486)	\$ (23,048,606)	\$ (17,441,048)	\$ (18,244,257)	\$ (16,562,384)

(continued)

Table 2

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>General Revenues and Other</u>										
<u>Changes in Net Position</u>										
Governmental Activities:										
Taxes										
Property	\$ 4,503,626	4,405,924	\$ 4,293,227	\$ 3,659,388	\$ 3,920,803	\$ 3,129,019	\$ 3,076,838	\$ 3,016,086	\$ 2,990,073	\$ 2,996,632
Sales	1,923,415	1,891,739	1,876,235	1,810,171	1,768,371	1,589,154	1,562,926	1,547,345	1,483,290	1,558,600
Prepared Meals	7,015,544	6,928,924	6,683,891	6,357,292	6,119,575	6,163,941	5,622,786	5,407,998	4,503,818	4,684,404
Transient Lodging	1,642,906	1,673,548	1,547,110	1,410,294	1,286,145	1,303,425	919,745	812,331	748,701	851,512
Business Licenses	2,471,309	2,443,328	2,366,398	2,236,295 (1)	2,146,259	-	-	-	-	-
Franchise	830,169	794,033	709,970	726,136 (1)	811,550	-	-	-	-	-
Cigarette	486,156	513,200	562,770	554,155 (1)	606,416	-	-	-	-	-
Other	742,605	911,042	911,798	2,026,356	2,016,969	5,454,370	5,277,657	5,344,305	5,315,902	5,288,368
Permits, fees and licenses	253,563	338,511	267,368	272,733	157,471	170,580	190,405	131,369	203,998	137,796
Revenues from use of property	268,441	304,427	241,749	231,905	224,381	217,128	218,058	255,366	94,201	115,805
Investment earnings and unrealized gains	728,710	285,287	240,599	315,432	237,626	228,040	222,813	254,350	263,518	486,131
Intergovernmental	1,228,927	1,257,967	1,310,714	886,223	392,830	3,799,427	3,660,452	3,662,382	3,414,598	3,749,731
Fines and Forfeitures	-	-	-	(2)	-	172,565	126,702	95,038	118,559	86,924
Cemetery	70,205	52,510	59,092	29,565	44,515	28,930	90,860	103,464	96,735	102,077
Miscellaneous	511,172	520,429	521,597	1,020,334	2,212,798	389,461	345,487	375,261	320,188	1,080,845
Grants in Aid of Construction	-	-	-	-	-	-	-	1,257,323	788,355	1,633,662
Transfers	-	-	-	-	-	-	(410,640)	(323,096)	(707,721)	(1,315,045)
FY16 Restatement to beginning balances	-	-	(3)	20,510,874	-	-	-	-	-	-
Special items	-	-	-	-	-	(136,728)	-	909,580	-	-
Total Governmental activities	\$ 22,676,748	\$ 22,320,869	\$ 21,592,518	\$ 42,047,153	\$ 21,945,709	\$ 22,509,312	\$ 20,904,089	\$ 22,849,102	\$ 19,634,215	\$ 21,457,442
Business-Type activities:										
Grants in Aid of Construction	\$ -	\$ -	\$ -	\$ 124,735	\$ 53,489	\$ 45,971	\$ 610,263	\$ 52,700	\$ 74,655	\$ 490,222
Miscellaneous	-	-	-	171,143	157,460	156,046	147,369	137,934	128,903	121,335
FY16 Restatement to beginning balances	-	-	-	(220,676)	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	410,640	323,096	707,721	1,315,045
Total business-type activities	\$ -	\$ -	\$ -	\$ 75,202	\$ 210,949	\$ 202,017	\$ 1,168,272	\$ 513,730	\$ 911,279	\$ 1,926,602
Total primary government	\$ 22,676,748	\$ 22,320,869	\$ 21,592,518	\$ 42,122,354	\$ 22,156,658	\$ 22,711,329	\$ 22,072,361	\$ 23,362,832	\$ 20,545,494	\$ 23,384,044
Changes in Net Position:										
Governmental activities	\$ 4,996,683	\$ 5,927,097	\$ 2,483,361	\$ 21,251,137	\$ 3,050,383	\$ (794,266)	\$ (2,302,848)	\$ 5,921,784	\$ 1,645,557	\$ 5,076,990
Business type activities	2,996,013	2,955,977	1,441,819	384,994	240,810	509,109	1,326,603	-	655,680	1,744,670
Total primary government	\$ 7,992,696	\$ 8,883,074	\$ 3,925,180	\$ 21,636,131	\$ 3,291,193	\$ (285,157)	\$ (976,245)	\$ 5,921,784	\$ 2,301,237	\$ 6,821,660

(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

	Fiscal Year									
	2018	2017	2016	2015(3)	2014	2013	2012	2011	2010	2009
General Fund										
Nonspendable	\$ 135,279	\$ 126,291	\$ 130,844	\$ 93,355	\$ 26,974	\$ 85,792	\$ 131,851	\$ -	\$ 59,725	\$ -
Restricted	-	-	-	-	-	-	448,130	429,088	373,646	-
Assigned	9,193,654	4,371,279	3,742,702	3,814,143	3,482,088	3,114,299	2,527,638	2,199,995	2,069,518	-
Unassigned	23,179,082	23,982,472	19,510,248	16,889,399	14,606,954	12,060,646	14,120,583	12,816,580	10,910,484	19,503,465
Total General Fund	<u>\$ 32,508,015</u>	<u>\$ 28,480,042</u>	<u>\$ 23,383,794</u>	<u>\$ 20,796,897</u>	<u>\$ 18,116,016</u>	<u>\$ 15,260,737</u>	<u>\$ 17,228,202</u>	<u>\$ 15,445,663</u>	<u>\$ 13,413,373</u>	<u>\$ 19,503,465</u>
All Other Governmental Funds										
Nonspendable	\$ 684,430	\$ 648,463	\$ 566,654	\$ 522,364	\$ 484,446	\$ 433,263	\$ 366,676	\$ 359,214	\$ 289,783	\$ 227,903
Restricted	2,166,386	2,181,328	1,974,493	1,964,871	1,505,228	1,737,118	1,766,802	2,026,335	26,049	-
Unassigned	152,393	-	-	-	1,574	(2,315)	(2,880)	-	-	-
Total All Other Governmental Funds	<u>\$ 3,003,209</u>	<u>\$ 2,829,791</u>	<u>\$ 2,541,147</u>	<u>\$ 2,487,235</u>	<u>\$ 1,991,248</u>	<u>\$ 2,168,066</u>	<u>\$ 2,130,598</u>	<u>\$ 2,385,549</u>	<u>\$ 315,832</u>	<u>\$ 227,903</u>
Grand Total All Governmental Fund Balances	<u>35,511,224</u>	<u>31,309,833</u>	<u>25,924,941</u>	<u>23,284,132</u>	<u>20,107,264</u>	<u>17,428,803</u>	<u>19,358,800</u>	<u>17,831,212</u>	<u>13,729,205</u>	<u>19,731,368</u>

(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) As restated

Table 4

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

	Fiscal Year									
	2018	2017	2016	2015 (3)	2014	2013	2012	2011	2010	2009
Revenues										
Taxes										
Property	\$ 4,515,381	\$ 4,376,741	\$ 4,333,618	\$ 3,589,471	\$ 3,554,811	\$ 3,110,613	\$ 3,065,669	\$ 3,006,272	\$ 3,053,658	\$ 2,898,687
Sales	1,923,415	1,891,739	1,876,235	1,810,171	1,768,371	1,589,154	1,562,926	1,547,345	1,483,290	1,558,600
Prepared Meals	7,015,544	6,928,924	6,683,891	6,357,292	6,119,575	6,163,941	5,622,786	5,407,998	4,503,818	4,684,404
Transient Lodging	1,642,906	1,673,548	1,547,110	1,410,294	1,286,145	1,303,425	919,745	812,331	748,701	851,512
Business License	2,471,249	2,443,328	2,366,398	2,236,295 (2)	2,146,259	-	-	-	-	-
Franchise	830,169	794,033	709,970	726,136 (2)	811,550	-	-	-	-	-
Cigarette	486,156	513,200	562,770	554,155 (2)	606,416	-	-	-	-	-
Other	1,334,874	1,205,662	1,238,258	2,026,356	2,016,969	5,454,370	5,277,657	5,344,305	5,315,902	5,288,368
Permits, fees and licenses	253,563	338,511	267,369	272,733	157,471	170,580	190,405	131,369	203,998	137,796
Revenues from use of property	268,441	304,427	217,650	231,905	224,381	217,128	218,058	255,366	94,201	115,805
Investment earnings	460,269	285,287	264,698	315,432	237,628	228,040	222,813	254,350	263,518	486,131
Charges for services	3,537,227	3,475,354	3,406,325	2,565,697	2,431,854	2,414,843	2,496,336	2,273,848	1,469,275	1,399,895
Intergovernmental	6,934,796	8,542,629	6,355,819	5,305,125	4,992,332	4,415,617	4,806,749	4,118,010	4,645,374	3,749,731
Fines and forfeitures	85,653	76,994	95,980	158,669	147,646	172,565	126,702	95,038	118,559	86,924
Cemetery	70,205	96,401	97,512	29,565	44,515	28,930	27,905	36,769	24,865	102,077
Miscellaneous	511,172	520,429	525,798	994,841	942,622	389,461	343,167	1,503,408	236,187	1,088,110
Total Revenues Governmental Funds	\$ 32,341,020	\$ 33,467,207	\$ 30,549,401	\$ 28,584,138	\$ 27,488,546	\$ 25,658,667	\$ 24,880,918	\$ 24,786,409	\$ 22,161,346	\$ 22,448,040
Expenditures										
General Government	\$ 3,070,637	\$ 2,957,429	\$ 5,067,749	\$ 2,400,235	\$ 2,297,456	\$ 2,021,703	\$ 1,855,373	\$ 2,077,241	\$ 1,937,708	\$ 1,701,156
Public Safety	9,930,025	9,229,494	10,199,486	8,147,492	7,857,842	7,720,095	7,577,856	6,806,897	6,858,588	6,488,748
Public Works	5,890,243	6,645,359	6,801,167	5,330,341	5,358,991	5,133,789	4,859,519	4,848,285	5,079,978	4,444,111
Health and Welfare	4,076	3,882	3,697	3,521	3,353	3,193	3,193	3,100	3,100	3,040
Parks, Recreation, and Culture	4,299,063	4,471,939	4,915,799	4,001,327	3,848,610	3,786,915	3,707,420	3,439,568	2,442,144	1,971,657
Community Development	1,440,216	1,451,493	1,521,739	1,519,444	1,251,397	1,349,522	1,276,907	1,132,826	1,374,850	1,258,527
Capital Outlay	2,484,701	2,408,073	565,978	2,838,508	5,059,998	6,325,556	2,738,124	1,897,842	8,723,878	7,188,705
Debt Service										
Principal retirement	792,840	785,580	560,440	767,100	600,000	575,000	550,000	530,000	515,000	490,000
Interest and fiscal charges	227,828	235,783	272,569	276,924	207,461	536,163	561,175	583,981	604,544	623,324
Bond issuance cost	-	-	30,883	-	31,780	-	-	-	-	-
Total Expenditures Governmental Funds	\$ 28,139,629	\$ 28,189,032	\$ 29,939,507	\$ 25,284,891	\$ 26,516,888	\$ 27,451,936	\$ 23,129,567	\$ 21,319,740	\$ 27,539,790	\$ 24,169,268
Excess of Revenues over (under) Expenditures	\$ 4,201,391	\$ 5,278,175	\$ 609,894	\$ 3,299,247	\$ 971,657	\$ (1,793,269)	\$ 1,751,351	\$ 3,466,669	\$ (5,378,444)	\$ (1,721,228)
Other Financing Sources and (Uses)										
Insurance Recoveries	\$ -	\$ -	\$ -	\$ 195	\$ 27,075	\$ -	\$ 2,321	\$ 48,852	\$ 84,002	\$ 28,945
Issuance of Debt	-	-	2,014,000	-	1,654,400	-	-	-	-	-
Issuance of Refunding Debt	-	-	1,315,000	-	9,394,900	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	(1,298,086)	-	(9,369,569)	-	-	-	-	-
Sale of Land	-	-	-	-	-	-	-	-	-	83,500
Capital Contributions Cemetery	-	-	-	-	-	-	-	-	-	56,948
Transfers (to) from:										
Water and Sewer Fund	-	-	-	-	-	-	(226,084)	(323,096)	(707,721)	(1,315,045)
Total Other Financing Sources and (Uses)	\$ -	\$ -	\$ 2,030,914	\$ 195	\$ 1,706,806	\$ -	\$ (223,763)	\$ (274,244)	\$ (623,719)	\$ (1,145,652)
Special Items										
Transfer of funds from(to) other organizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (136,728)	\$ -	\$ 909,580	\$ -	\$ -
Net Changes in Fund Balance Increases (Decreases)	\$ 4,201,391	\$ 5,278,175	\$ 2,640,808	\$ 3,299,442	\$ 2,678,463	\$ (1,929,997)	\$ 1,527,588	\$ 4,102,005	\$ (6,002,163)	\$ (2,866,880)
Debt Service as a percentage of noncapital expenditures	4.23%	4.23%	3.49%	4.57%	3.73%	5.22%	5.08%	5.64%	5.43%	6.34%

(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
2017-2018	\$ 4,515,381	\$ 15,704,313	\$ 253,563	\$ 85,653	\$ 728,710	\$ 3,607,432	\$ 511,172	\$ 6,934,796	\$ 32,341,020	\$ 11,658,187
2016-2017	4,376,741	15,546,835	338,511	76,994	589,714	3,475,354	520,429	8,542,629	33,467,207	10,311,618
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

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
2017-2018	\$ 3,070,637	\$ 9,930,025	\$ 5,890,243	\$ 4,076	\$ 4,299,063	\$ 1,440,216	\$ 1,020,668	\$ 2,484,701	\$ 28,139,629
2016-2017	2,957,429	9,229,494	6,645,359	3,882	4,471,939	1,451,493	1,021,363	2,408,073	28,189,032
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

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	Public Utility		Total Assessed Value	Total Direct Rate(1)	Montgomery County Overlapping Rate (1)
						Unequalized	Equalized			
2017-2018	2017	\$ 2,098,098,800	\$ 258,647,713	\$ 67,407,095	\$ 4,278,500	\$ 53,659,680	\$ 143,400	\$ 2,482,235,188	0.16	0.27
2016-2017	2016	2,035,888,480	213,349,806	64,732,027	3,835,440	52,854,027	175,579	2,370,835,359	0.16	0.27
2015-2016	2015	2,024,104,291	193,280,940	62,480,906	3,674,240	52,133,700	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

Property Tax Rates - Last Ten Years

Fiscal Year	Calendar Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility	
						Unequalized	Equalized
2017-2018	2017	\$.1600	\$.45	\$.45	\$.1600	\$.1600	\$.45
2016-2017	2016	.1600	.45	.45	.1600	.1600	.45
2015-2016	2015	.1600	.45	.45	.1600	.1600	.45
2014-2015	2014	.1300	.45	.45	.1300	.1300	.45
2013-2014	2013	.1300	.45	.45	.1300	.1300	.45
2012-2013	2012	.1126	.45	.45	.1126	.1126	.45
2011-2012	2011	.1126	.45	.45	.1126	.1126	.45
2010-2011	2010	.1126	.45	.45	.1126	.1126	.45
2009-2010	2009	.1126	.45	.45	.1126	.1126	.45
2008-2009	2008	.1126	.45	.45	.1126	.1126	.45

(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 \$.16.

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
2017-2018	\$ 4,460,824	\$ 4,374,999	98.08%	\$ 91,409	\$ 4,466,408	100.13%
2016-2017	4,368,110	4,271,079	97.78%	70,726	4,341,805	99.40%
2015-2016	4,283,977	4,174,249	97.44%	16,171	4,190,420	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%

(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 2018			Fiscal Year 2017			Fiscal Year 2016		
	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	\$ 63,694,100	1	3.07%	\$ 72,952,000	1	3.51%	\$ 73,752,400	1	3.64%
Shelor Properties	60,517,600	2	2.91%	60,411,000	2	2.91%	62,356,000	2	3.08%
PR Financing							58,400,000	3	2.89%
NRV Mall Associates	47,400,000	3	2.28%	47,400,000	3				
CENTRO Heritage Spradling Farm	24,845,800	4	1.20%	24,845,800	5	1.20%	24,815,800	5	1.23%
BRE RC New River VA LLC	24,472,800	5	1.18%	24,472,800	6				
Appalachian Power	24,256,800	6	1.17%	24,256,800	4	1.17%	27,292,500	4	1.35%
PR New River Owner LP						0.00%	24,472,800	6	1.21%
Wal-Mart	15,831,400	7	0.76%	15,831,400	7	0.76%	15,831,400	7	0.78%
Backcountry.com	14,432,300	8	0.69%	14,432,300	8	0.69%	14,432,300	8	0.71%
Christiansburg Market Place	12,667,200	9	0.61%	12,667,200	9	0.61%	12,667,200	9	0.63%
Harvey Hubble Inc	10,551,000	10	0.51%	10,551,000	10	0.51%	10,546,900	10	0.52%
	<u>\$ 298,669,000</u>		<u>14.37%</u>	<u>\$ 307,820,300</u>		<u>11.35%</u>	<u>\$ 324,567,300</u>		<u>16.04%</u>

Source: Montgomery County Commissioner of Revenue

Table 10

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
WATER										
INSIDE TOWN LIMITS										
4,000 OR LESS	\$	\$	\$ 21.00	\$ 19.00	\$ 18.00	\$ 17.00	\$ 16.00	\$ 13.80	\$ 13.30	\$ 13.00
2,000 OR LESS*		11.00	10.50							
1,000 OR LESS		6.00								
PER THOUSAND FOR NEXT 96,000			5.90	5.50	4.90	4.60	4.40	4.00	3.70	3.55
PER THOUSAND FOR NEXT 49,000		8.00								
PER THOUSAND FOR ALL OVER 50,000		6.00								
PER THOUSAND FOR NEXT 48,000*		6.14	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
PER THOUSAND FOR NEXT 2,950,000*		4.00	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
2,000 OR LESS*		16.50	15.75							
1,000 OR LESS		9.00								
PER THOUSAND FOR NEXT 96,000			8.85	8.25	7.35	6.90	6.60	6.00	5.55	5.32
PER THOUSAND FOR NEXT 49,000		12.00								
PER THOUSAND FOR ALL OVER 50,000		9.00								
PER THOUSAND FOR NEXT 48,000*		9.21	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
PER THOUSAND FOR NEXT 2,950,000*		6.00	5.25							
SEWER										
INSIDE TOWN LIMITS										
0-4,000	\$	\$	\$ 30.00	\$ 28.00	\$ 28.00	\$ 27.00	\$ 26.00	\$ 23.00	\$ 23.00	\$ 22.00
2,000 OR LESS*		15.00	15.00							
1,000 OR LESS		9.00								
PER THOUSAND FOR ALL OVER 1000		10.25								
PER THOUSAND FOR NEXT 96,000			8.50	8.50	7.50	7.20	7.00	6.00	5.70	5.65
PER THOUSAND FOR NEXT 48,000*		8.50	8.50							
PER THOUSAND FOR NEXT 5,900,000			8.50	8.50	7.50	7.20	7.00	6.00	5.70	5.65
PER THOUSAND FOR NEXT 2,950,000*		8.50	8.50		-	-	-	-	-	-
OUTSIDE TOWN LIMITS										
0-4,000	\$	\$	\$ 45.00	\$ 42.00	\$ 42.00	\$ 40.50	\$ 39.00	\$ 34.50	\$ 34.50	\$ 33.00
2,000 OR LESS		22.50	22.50							
1,000 OR LESS		13.50								
PER THOUSAND FOR ALL OVER 1000		15.38								
PER THOUSAND FOR NEXT 96,000			12.75	12.75	11.25	10.80	10.50	9.00	8.55	8.47
PER THOUSAND FOR NEXT 48,000*		12.75	12.75							
PER THOUSAND FOR NEXT 5,900,000			12.75	12.75	11.25	10.80	10.50	9.00	8.55	8.47
PER THOUSAND FOR NEXT 2,950,000*		12.75	12.75		-	-	-	-	-	-
GARBAGE										
INSIDE TOWN LIMITS BIMONTHLY	\$	\$	\$ 34.00	\$ 34.00	\$ 34.00	\$ 33.00	\$ 33.00	\$ 30.00	\$ 30.00	\$ 30.00
INSIDE TOWN LIMITS MONTHLY*		17.00	17.00							
OUTSIDE TOWN LIMITS BIMONTHLY			51.00	51.00	51.00	49.50	48.00	45.00	45.00	45.00
OUTSIDE TOWN LIMITS MONTHLY*		25.50	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. 2017 Water Sewer Rate study conducted and new rate calculations and minimums were instituted beginning July 1 2017

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)	Gross Bonded Debt	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Services Monies Available	Debt Payable from Enterprise Revenues			
2017-2018	22,259	\$ 2,482,235	\$ 17,511,722	\$ -	\$ -	\$ 17,511,722	.0082:1	\$ 786.73
2016-2017	22,088	2,370,835	19,360,672	-	-	19,360,672	.0082:1	876.52
2015-2016	21,943	2,335,867	21,172,839	-	-	21,172,839	.0091:1	964.90
2014-2015	21,805	2,328,401	20,649,474	-	-	20,649,474	.0090:1	947.01
2013-2014	21,533	2,284,755	22,176,561	-	-	22,176,561	.0097:1	1029.89
2012-2013	21,458	2,242,555	17,483,842	-	-	17,483,842	.0078:1	814.79
2011-2012	21,030	2,250,906	18,824,174	-	-	18,824,174	.0083:1	895.11
2010-2011	21,041	2,206,646	20,058,475	-	-	20,058,475	.0091:1	953.30
2009-2010	21,041	2,170,067	21,247,271	-	-	21,247,271	.0098:1	1009.80
2008-2009	19,632	2,121,348	22,402,375	-	-	22,402,375	.0105:1	1141.12

(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 General Obligation Debt									Business-Type Activities			Total Primary Government	Percentage Personal Income	Per Capita
	1995 General Obligation Note	2014 Revenue Bond Refunding	2014 General Obligation Bond	2014 General Obligation Improvement Bond	2015 General Obligation Bond	2016 General Obligation Bond	2007 Revenue Bond	2004B Revenue Bond	Bond Premiums	2014 General Obligation Bond	2001 VA Revolving Loan Fund	1998 VA Revolving Loan Fund			
2017-2018	\$ -	\$ 8,587,700	\$ 871,640	\$ -	\$ 1,644,000	\$ 1,264,000	\$ -	\$ -	\$ -	\$ 3,090,360	\$ 2,054,022	\$ -	\$ 17,511,722	**	**
2016-2017	-	9,021,600	932,580	-	1,831,000	1,285,000	90,000	-	-	3,306,420	2,692,539	201,533	19,360,672	**	**
2015-2016	-	9,170,000	991,760	275,000	2,014,000	1,315,000	(1) 180,000	-	5,747	3,516,240	3,309,280	395,812	21,172,839	2.87%	965
2014-2015	-	9,284,900	1,049,400	577,900	-	-	1,480,000	-	48,587	3,720,600	3,904,989	583,098	20,649,474	2.85%	947
2013-2014	275,000	9,394,900	1,049,400	605,000	-	-	1,560,000	275,000	52,636	3,720,600	4,480,383	763,642	22,176,561	3.24%	1,030
2012-2013	535,000	-	-	-	-	-	1,635,000	9,340,000	56,685	-	5,036,155	937,687	17,483,842	2.70%	815
2011-2012	780,000	-	-	-	-	-	1,710,000	9,595,000	60,734	-	5,572,974	1,105,466	18,824,174	2.98%	895
2010-2011	1,015,000	-	-	-	-	-	1,780,000	9,840,000	64,783	-	6,091,486	1,267,206	20,058,475	3.29%	953
2009-2010	1,240,000	-	-	-	-	-	1,845,000	10,080,000	66,832	-	6,592,316	1,423,123	21,247,271	3.65%	1,010
2008-2009	1,455,000	-	-	-	-	-	1,910,000	10,315,000	72,881	-	7,076,066	1,573,428	22,402,375	4.03%	1,141

Notes:

Population data (See Schedule 14)

Personal Income data (See Schedule 14)

** Data not yet available

(1) 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, 2018

10% of assessed value of taxable real estate (1)	<u>\$ 2,151,758,480</u>	\$ 215,175,848
Less: Debt applicable to limit		
Bonds payable	\$ 17,511,722	
Legal margin for creation of additional debt	<u>\$ 197,664,126</u>	

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$ 215,175,848	208,874,251	207,623,799	\$ 206,308,786	\$ 203,920,847	\$ 201,127,214	\$ 202,262,130	\$ 198,390,733	\$ 190,429,739	\$ 195,892,448
Total net debt applicable to limit	17,511,722	19,360,672	21,172,839	20,649,474	22,176,561	11,510,000	12,085,000	12,635,000	13,680,000	13,165,000
Legal debt margin	<u>\$ 197,664,126</u>	<u>189,513,579</u>	<u>186,450,960</u>	<u>\$ 185,659,312</u>	<u>\$ 181,744,286</u>	<u>\$ 189,617,214</u>	<u>\$ 190,177,130</u>	<u>\$ 185,755,733</u>	<u>\$ 176,749,739</u>	<u>\$ 182,727,448</u>
Total net debt applicable to the limit as a percentage of debt limit	8.14%	9.27%	10.20%	10.01%	10.88%	5.72%	5.97%	6.37%	7.18%	6.72%

Town of Christiansburg, Virginia
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Governmental Unit:	Debt Outstanding	Estimated Percentage Applicable	Applicable to Primary Government
County of Montgomery, Virginia	\$ 158,552,392	22.00%	\$ 34,881,526
Subtotal, overlapping debt			34,881,526
Town of Christiansburg, Virginia direct debt			12,367,340
Total direct and overlapping debt			\$ 47,248,866

Sources: Outstanding debt and applicable percentages provided by each government unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the Town of Christiansburg. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Table 15

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)
2018	22,259	**	**	3.50%
2017	22,088	**	**	4.30%
2016	21,943	\$ 3,906,250	\$ 33,650	4.50%
2015	21,805	3,818,058	33,184	4.20%
2014	21,533	3,649,374	31,800	5.90%
2013	21,458	3,432,745	30,150	6.50%
2012	21,030	3,378,910	30,078	6.80%
2011	21,041	3,232,354	28,961	7.40%
2010	21,041	3,068,848	27,636	7.30%
2009	19,632	3,114,684	28,281	5.83%

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 Economic Anaylis. 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 Economic analysis

(4) Unemployment data is as of June 30. VEC

** Data not yet available

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

Employer	Fiscal Year 2018		Fiscal Year 2009	
	Number of Employees	Rank	Number of Employees	Rank
Montgomery County School Board	1000 and over employees	1	1000 and over employees	1
Echosphere Corporation (Dish Network)	500 to 999 employees	2	1000 and over employees	2
Kroger	500 to 999 employees	3	250 to 499 employees	5
County of Montgomery	250 to 499 employees	4	250 to 499 employees	3
Town of Christiansburg	250 to 499 employees	5	250 to 499 employees	7
Corning Glass Works	250 to 499 employees	6	250 to 499 employees	6
Shelor Motor Mile, Inc.	250 to 499 employees	7	250 to 499 employees	9
Wal-Mart	250 to 499 employees	8	250 to 499 employees	4
Hubbell Lighting	250 to 499 employees	9	250 to 499 employees	8
Food Lion	100 to 249 employees	10	100 to 249 employees	12
Backcountry.com	100 to 249 employees	11	NA	
Lowes Home Centers, Inc.	100 to 249 employees	12	100 to 249 employees	18
Community Housing Partners	100 to 249 employees	13	100 to 250 employees	11
Cracker Barrel Old Country Store	100 to 249 employees	14	100 to 249 employees	17
The Home Depot	100 to 249 employees	15	100 to 249 employees	23
Postal Service	100 to 249 employees	16	100 to 249 employees	21
Red Lobster and The Olive Garden	100 to 249 employees	17	100 to 249 employees	10
Elwood Staffing	100 to 249 employees	18	NA	
Macado's, Inc.	100 to 249 employees	19	100 to 249 employees	20
Target Corp.	100 to 249 employees	20	100 to 249 employees	19
Comprehensive Computer Solutions	100 to 249 employees	21	NA	
Panera Bread	100 to 249 employees	22	NA	
National Bank of Blacksburg	100 to 249 employees	23	50 to 99 employees	24
Texas Roadhouse	100 to 249 employees	24	NA	
Virginia Department of Transportation	50 to 99 employees	25	100 to 249 employees	22
C&S Door			100 to 249 employees	16
McDonald's	NA		100 to 249 employees	13
Hardee's	NA		100 to 249 employees	14
Burger King	NA		100 to 249 employees	15

Source: Virginia Employment Commission

Table 17

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

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Administration										
Town Manager's office	5.0	5.0	5.0	5.0	5.0	5.0	8.5	10.5	12.0	6.5
Planning	3.0	3.0	4.0	3.5	3.0	3.0	2.0	3.0	2.0	2.0
Treasurer/Finance	13.0	13.0	13.0	13.0	11.0	11.0	10.0	10.0	10.0	11.0
Human Resources	3.0	4.0	2.0	1.5	1.5	1.5	1.0	1.0	1.0	1.0
Public Relations	3.0	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.0	-
Information Technology	2.0	2.0	3.0	3.0	3.0	2.0	1.5	2.0	2.0	-
Public Safety										
Police	69.0	68.0	74.0	73.0	73.5	73.5	72.5	73.0	73.0	70.0
Fire	3.5	3.0	3.0	3.0	1.5	1.5	1.5	2.0	2.0	1.5
Rescue	6.8	3.0	3.0	3.5	3.5	3.5	1.0	1.0	1.0	1.0
Public Works										
Maintenance	9.0	6.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sanitation	10.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Streets	37.0	40.0	36.0	36.0	36.0	35.0	33.0	35.0	35.0	33.5
Water	30.0	24.0	36.0	36.0	36.0	36.0	32.0	36.0	36.0	36.0
Plant Operations	14.0	14.0	11.0	11.0	10.5	10.5	11.5	11.5	11.5	11.0
Engineering	13.0	12.0	11.0	11.0	9.0	10.0	10.0	10.0	10.0	10.0
Building Inspections	4.0	4.0	4.0	4.0	5.0	5.0	4.5	5.0	5.0	4.0
Parks and Recreation	25.5	24.0	24.7	23.2	23.0	27.0	25.0	24.5	25.0	22.5
Aquatics	34.0	34.0	34.0	34.0	34.0	34.0	34.0	34.0	17.0	3.0
Cemetery	2.0	2.0	2.0	2.0	1.0	1.0	1.5	2.0	2.0	2.0
Totals	286.8	273.0	281.7	278.2	333.5	333.5	265.0	276.0	259.5	229.0
Fire Department Volunteers	38.0	38.0	38.0	38.0	37.0	36.0	35.0	35.0	35.0	34.0
Rescue Department Volunteers	95.0	95.0	75.0	75.0	75.0	75.0	75.0	67.0	67.0	67.0

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

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

Table 18

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Building/zoning permits issued	1,449	2,019	1,436	198	1,738	1,546	1,071	954	896	695
Building inspections	5,131	4,986	3,905	3,282	2,726	**	**	**	**	**
Conditional use permits approved	15	6	9	1	3	3	8	11	11	**
Rezoning requests approved	4	1	3	2	1	3	-	7	8	**
Streets approved for vacation	-	2	-	-	-	4	1	-	-	**
Amendments to Town Code/Ordinances	9	2	2	3	6	13	11	8	6	**
Public Safety										
Police										
Criminal offenses	2,490	2,241	1,955	2,133	2,346	2,494	2,810	2,790	2,736	2,946
Traffic warrants	3,210	3,505	4,043	5,211	5,817	7,306	7,258	5,671	5,985	5,884
Parking violations	143	157	149	88	445	88	424	385	537	330
Patrol miles driven	580,272	595,906	574,459	622,187	635,316	632,669	581,393	566,732	527,435	534,832
Fire										
Christiansburg calls answered	575	508	505	416	484	549	564	527	569	477
County calls answered	407	398	323	317	320	336	280	316	343	312
Total calls answered	982	906	828	733	804	885	844	843	912	789
Rescue										
Christiansburg calls answered	3,376	3,349	2,883	2,792	2,596	2,575	2,610	2,287	2,684	2,466
County calls answered	1,097	1,214	1,141	1,195	1,174	1,139	997	1,247	2,142	1,677
Total calls answered	4,473	4,563	4,024	3,987	3,770	3,714	3,607	3,534	4,826	4,143
Public Works										
Sanitation										
Trash removal in tons	7,997	8,925	8,185	7,089	8,671	9,545	8,387	8,727	9,370	9,917
Spring and fall cleanup in tons										
Junk	893.00	741.34	856.56	631.12	592.46	393.66	514.70	383.73	660.17	706.09
Leaves	749.88	599.50	870.75	865.75	530.25	821.00	613.50	436.48	576.56	395.77
Brush	385.00	290.06	307.29	446.00	367.64	182.46	249.60	138.96	271.14	188.00
Recycling in pounds *****										
Papers	na	178,760	110,980	685,560	614,980	624,660	568,780	480,106	488,600	573,280
Single Stream cardboard	1,124,240									
Containers	na	1,110,360	1,018,440	471,960	415,940	385,860	350,240	308,960	283,940	246,200
Total pounds recycled	1,315,960	1,289,120	1,129,420	1,157,520	1,030,920	1,010,520	919,020	789,066	772,540	819,480
Streets										
Principal/minor arterial lane miles	44.45	46.93	46.93	46.93	46.93	45.75	45.75	45.75	45.75	45.75
Principal/minor arterial center lane miles	15.83	15.90	15.90	15.90	15.90	15.31	15.31	15.31	15.31	15.31
Collector/local streets lane miles	203.01	206.03	206.03	206.03	206.03	202.98	202.98	202.98	202.98	195.22
Collector/local streets center lane miles	101.42	102.83	102.83	102.83	102.83	101.15	101.15	101.15	101.15	97.27
Sidewalks installed new and replaced in linear feet	-	2,715	-	-	570	912	1,247	-	-	-
Storm drains installed in linear feet	3,000	1,952	-	874	1,620	128	1,628	615	1,159	1,040
Street lights installed	27	8	7	12	16	33	21	28	22	25
Street signs new	53	45	40	37	49	66	76	39	39	279
Street signs repaired or replaced	327	184	164	507	168	120	310	310	310	140
Total street signs	6,285	6,232	6,187	6,147	6,110	6,061	5,995	5,919	5,919	5,879
Water										
New water services installed, net of removed	125	121	101	74	70	89	47	57	57	96
Total water customers in Town	10,071	9,946	9,825	9,724	648	578	489	442	385	328
New water services installed Out of Town	7	6	6	4	6	9	2	10	16	14
Accumulative water services Out of Town	524	517	511	505	80	74	65	63	53	37
Total water services In and Out of Town	10,595	10,463	10,336	10,229	728	652	554	505	438	365

(continued)

Table 18

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

Function/Program	Fiscal Year									
	2017	2017	2016	2015	2014	2013	2012	2011	2010	2009
Water										
Water consumption in gallons Town System	857,406,588	834,563,873	1,059,990,615	559,161,576	824,099,330	521,310,359	536,192,792	512,486,032	560,896,508	629,847,030
Montgomery County PSA	80,502,800	81,528,160	63,279,923	34,907,969	54,700,580	97,164,800	129,101,324	106,402,000	102,156,000	101,256,000
Total water consumption	937,909,388	916,092,033	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
New water mains installed in linear feet	810	9,951	1,855	2,314	12,542	1,727	6,400	2,545	2,897	10,211
Cumulative water mains, feet	830,642	829,832	819,881	818,026	815,712	803,170	801,442	795,042	792,497	789,225
Cumulative water mains, miles	157.32	157.17	155.28	154.93	154.49	152.13	151.79	150.58	150.10	149.47
Sewer										
New service installed in Town, net of service removed	121	134	101	74	78	87	43	67	64	84
Accumulative services in Town	9,288	9,167	9,033	8,932	709	631	544	501	434	370
New sewer service installed Out of Town	6	5	4	2	6	9	2	11	15	12
Accumulative services Out of Town	139	133	128	124	122	116	107	105	94	79
Total sewer services In and Out of Town	9,427	9,300	9,161	9,056	831	747	651	606	528	449
New Sanitary Sewer Gravity Mains installed in linear feet	10,271	7,005	2,152	2,152	1,858	3,015	3,919	12,333	15,555	12,446
New Sanitary Sewer Force Mains installed in linear feet	-	-	-	-	-	390	-	-	-	-
Total sewer system lines in linear feet	883,761	873,490	866,485	810,599	808,447	806,589	803,184	799,265	786,932	771,377
Total sewer system lines in miles	167.38	164.43	164.11	154.00	153.11	146.72	147.97	151.38	149.04	146.09
Waste Water Treatment Plant										
Gallons collected and treated	972,000,000	968,000,000	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
Average number of gallons treated per day	2,663,014	2,652,055	2,920,548	2,317,808	2,315,068	2,468,493	2,325,205	2,397,260	2,676,526	2,419,584
Parks and Recreation										
Number of programs offered										
Youth and community	94	103	101	91	105	94	100	90	90	109
Adult and community	238	258	228	196	210	202	214	194	199	188
Youth athletic	47	47	47	47	47	46	46	46	48	47
Adult athletic	28	27	23	27	22	23	18	18	18	10
Senior citizen	155	169	168	136	160	169	162	138	167	162
Special population	13	14	13	10	6	8	5	7	7	8
Youth special events	10	9	9	7	8	7	8	9	10	14
Adult special events	10	8	8	7	7	8	8	11	12	14
Senior citizen special events	21	18	18	14	15	19	21	23	18	27
Clubs	4	4	3	1	1	3	2	4	4	5
Active Memberships	6,173	**	**	**	**	**	**	**	**	**
Membership Scans	108,767	**	**	**	**	**	**	**	**	**
Day Pass Attendance	1,202	**	**	**	**	**	**	**	**	**
Aquatics ***										
Membership packages sold										
Resident	578	392	493	457	275	458	664	1,217		
Non resident	905	540	1,147	515	314	390	570	809		
Day passes sold	29,605	30,859	34,025	36,397	28,836	31,274	35,779	42,888		
Birthday parties	220	206	206	199	271	315	394	407		
Competitive meets	32	30	28	23	28	25	20	25		
Number of classes	1,072	252	371	272	237	207	187	238		
Cemetery ****										
Burials	57	59	56	82	93	101	70			
Cremations	18	21	8	19	15	8	11			
Lots sold	32	38	32	70	62	39	35			
Columbarium units sold	0	4								

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.

The columbarium was added in fy 2017

***** In 2017-2018 the Montgomery Regional Solid Waste Authority moved to single stream recycling so data is now collected differently then in years past.

Source: Data obtained from Town Department Heads

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

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety										
Law Enforcement Vehicles Patrol	35	35	35	26	26	26	26	26	26	**
Law Enforcement Vehicles detective and vice	14	14	14	12	12	12	12	12	12	**
Law Enforcement Vehicles ERT and Special operations	4	4	4	13	13	13	13	13	13	**
Law Enforcement Vehicles Administrative	5	5	5	4	4	4	3	3	3	**
Fire Fighting Apparatus	9	9	9	7	7	7	6	6	6	6
Fire Response Vehicles	8	8	8	6	6	6	5	5	5	4
Medical Rescue Ambulances	6	6	5	5	5	5	5	5	5	**
Medical Rescue Extraction Vehicles	3	3	4	3	3	3	3	3	3	**
Medical Rescue Response Vehicles other	4	5	6	8	8	8	6	6	6	**
Public Works										
Sanitation										
Trash Collection Vehicles	5	5	5	4	5	5	5	5	5	5
Streets										
Principal/minor arterial lane miles	44.45	46.93	46.93	46.93	46.93	45.75	45.75	45.75	45.75	45.75
Collector/local streets lane miles	101.42	206.03	206.03	206.03	206.03	202.98	202.98	202.98	202.98	195.22
Traffic lights	12	12	12	18	18	18	18	18	18	18
Street lights	1,798	1,771	1,763	1,756	1,744	1,750	1,725	1,701	1,665	**
Parks and Recreation										
Indoor Aquatic Center	1	1	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	14	14	13	13	13	13	13	13	13
Trails (miles)	8	8	7.5	4	4	4	**	**	**	**
Business Type Activities Water and Sewer										
Water Mains (miles)	157.32	157.17	155.28	154.93	154.49	152.13	151.79	150.58	150.10	149.47
Sewer Mains (miles)	167.38	164.43	164.11	153.52	153.11	146.72	147.97	151.38	149.04	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.

Source: Data obtained from Town Department Heads

Table 20

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating Revenues										
Charges for Services:										
Water and Sewer Service Fees	\$ 9,198,252	\$ 7,588,435	\$ 7,920,865	\$ 7,085,257	\$ 6,513,234	\$ 6,531,903	\$ 6,265,568	\$ 5,484,183	\$ 5,519,143	\$ 5,292,970
Water and Wastewater Connection Fees	829,947	1,147,510	694,270	543,901	360,598	426,634	347,939	371,782	413,644	309,435
Penalties and Other	244,585	177,697	209,766	171,143	157,460	156,046	147,368	137,934	128,903	121,335
Total Operating Revenues	\$ 10,272,784	\$ 8,913,642	\$ 8,824,901	\$ 7,800,300	\$ 7,031,292	\$ 7,114,583	\$ 6,760,875	\$ 5,993,899	\$ 6,061,690	\$ 5,723,740
Operating Expenses										
Salaries and Wages	\$ 1,670,012	\$ 1,637,894	\$ 1,574,646	\$ 1,898,115	\$ 1,831,465	\$ 1,616,818	\$ 1,575,967	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963
Employee Benefits	547,824	536,071	532,323	256,803	183,657	218,388	240,684	198,480	220,894	231,046
Water Authority Purchases	2,640,812	1,950,183	1,821,897	1,639,458	1,410,462	1,541,555	1,469,252	1,397,224	1,269,776	1,093,827
Utilities	487,310	513,363	532,195	352,364	384,717	315,547	272,363	286,277	325,957	272,090
Repairs and Maintenance	210,220	195,282	185,580	164,164	173,824	158,658	228,393	282,621	257,696	270,086
Depreciation and Amortization	1,936,624	1,911,711	1,810,513	1,747,846	1,700,218	1,643,954	1,611,172	1,557,751	1,555,696	1,489,290
Materials and Supplies	563,148	479,715	478,304	605,214	604,381	514,909	562,506	610,572	537,265	507,036
General and Administrative	417,809	499,554	307,104	384,284	331,204	419,074	247,278	256,950	248,513	129,684
Total Operating Expenses	\$ 8,473,759	\$ 7,723,773	\$ 7,242,562	\$ 7,048,248	\$ 6,619,929	\$ 6,428,903	\$ 6,207,615	\$ 6,098,405	\$ 5,894,188	\$ 5,468,022
Operating Income (Loss)	\$ 1,799,025	\$ 1,189,869	\$ 1,582,339	\$ 752,052	\$ 411,363	\$ 685,680	\$ 553,260	\$ (104,506)	\$ 167,502	\$ 255,718
Nonoperating Revenues (Expenses)										
Interest and Fiscal Charges	\$ (168,772)	\$ (203,738)	\$ (236,459)	\$ (271,118)	\$ (197,523)	\$ (222,543)	\$ (247,560)	\$ (271,290)	\$ (294,198)	\$ (316,315)
Bond Issuance Costs	-	-	-	-	(26,520)	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	\$ (168,772)	\$ (203,738)	\$ (236,459)	\$ (271,118)	\$ (224,043)	\$ (222,543)	\$ (247,560)	\$ (271,290)	\$ (294,198)	\$ (316,315)
Income (Loss) Before Contributions and Transfers	\$ 1,630,253	\$ 986,131	\$ 1,345,880	\$ 480,934	\$ 187,321	\$ 463,137	\$ 305,700	\$ (375,796)	\$ (126,696)	\$ (60,597)
Capital Contributions	\$ 520,000	\$ 483,510	\$ 95,939	\$ 124,736	\$ 53,490	\$ 45,971	\$ 794,819	\$ 52,700	\$ 74,654	\$ 490,222
Transfers In (Out)	-	-	-	-	-	-	226,084	323,096	707,721	1,315,045
Change in Net Position	\$ 2,150,253	\$ 1,469,641	\$ 1,441,819	\$ 605,670	\$ 240,811	\$ 509,108	\$ 1,326,603	\$ -	\$ 655,679	\$ 1,744,670
Net Position, Beginning	\$ 35,347,301	\$ 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
Prior Period Adjustment	(290,664)	-	(220,676)	(1,549,009)	-	848,346	-	-	-	-
Net Position, Ending	\$ 37,206,890	\$ 35,347,301	\$ 33,877,660	\$ 32,656,517	\$ 33,599,856	\$ 33,359,045	\$ 32,001,591	\$ 30,674,988	\$ 30,674,988	\$ 30,019,309

Table 21

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Water										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 657,780	\$ 641,837	\$ 724,535	\$ 808,435	\$ 702,525	\$ 489,016	\$ 479,746	\$ 454,598	\$ 468,555	\$ 458,717
Fringe benefits - insurance	216,654	234,975	158,780	115,705	58,221	57,528	57,603	69,801	73,414	77,921
Water Authority purchases	2,640,812	1,950,183	1,821,897	1,639,458	1,410,462	1,541,555	1,469,252	1,397,224	1,269,775	1,093,827
Utilities	46,674	31,544	11,552	19,289	25,644	22,641	25,056	27,006	28,408	26,996
Repairs & maintenance	38,208	41,102	39,668	44,722	46,236	52,778	93,710	96,786	115,720	84,498
Depreciation & amortization	609,546	578,158	556,027	366,727	357,654	317,201	362,399	340,940	332,147	313,855
Materials & supplies	210,105	150,093	198,998	119,413	155,440	132,023	143,576	153,964	105,504	103,345
General & administrative	223,624	162,899	136,032	135,702	125,930	152,860	62,839	67,990	57,039	32,227
Bond payments- principal	197,532	244,790	-	-	-	-	-	-	-	-
Bond payments- interest	82,263	105,467	-	-	-	-	-	-	-	-
Water Totals	\$ 4,923,198	\$ 4,141,048	\$ 3,647,489	\$ 3,249,451	\$ 2,882,112	\$ 2,765,601	\$ 2,694,181	\$ 2,608,309	\$ 2,450,562	\$ 2,191,386
Waste Water Operations										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 492,522	\$ 458,735	\$ 444,539	\$ 501,699	\$ 590,433	\$ 462,424	\$ 432,286	\$ 420,184	\$ 388,298	\$ 396,544
Fringe benefits - insurance	162,529	154,455	128,181	78,565	77,686	88,511	111,848	54,942	67,718	77,650
Utilities	108,851	205,585	103,877	102,372	108,391	99,401	79,636	80,762	95,479	74,083
Repairs & maintenance	79,523	87,135	70,861	53,303	62,904	60,517	85,171	114,995	72,097	91,444
Depreciation & amortization	495,581	538,678	451,616	586,172	569,912	563,514	485,288	466,372	458,528	438,349
Materials & supplies	128,625	102,698	154,658	127,421	104,226	73,088	92,024	156,480	133,397	91,223
General & administrative	121,155	83,346	119,408	126,609	110,181	135,743	66,487	91,179	68,941	35,928
Professional fees	15,826	29,881	-	-	-	-	-	-	-	-
Waste Water Totals	\$ 1,604,612	\$ 1,660,513	\$ 1,473,140	\$ 1,576,141	\$ 1,623,733	\$ 1,483,198	\$ 1,352,740	\$ 1,384,914	\$ 1,284,458	\$ 1,205,221
Waste Water Treatment Plant										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 519,846	\$ 537,322	\$ 529,123	\$ 587,981	\$ 538,507	\$ 665,379	\$ 663,936	\$ 633,748	\$ 621,538	\$ 619,702
Fringe benefits - insurance	168,507	146,641	121,811	62,534	47,750	72,349	71,233	73,738	79,762	75,475
Utilities	198,540	276,234	416,766	230,703	250,682	193,505	167,671	178,508	202,071	171,011
Repairs & maintenance	66,576	67,045	75,051	66,138	64,684	45,362	49,512	70,840	69,879	94,144
Depreciation & amortization	831,496	794,874	802,870	794,948	772,652	763,239	763,485	750,439	765,021	737,086
Materials & supplies	303,787	226,924	124,648	358,380	344,715	309,799	326,905	300,128	298,364	312,468
General & administrative	101,192	60,845	51,664	121,973	95,091	130,471	117,953	97,781	122,533	61,530
Professional fees	35,800	162,582	-	-	-	-	-	-	-	-
Bond payments- principal	858,578	776,051	987,355	755,938	729,816	704,598	680,252	656,747	634,055	612,147
Bond payments- interest	86,509	98,271	247,254	271,118	197,523	222,543	247,560	271,290	294,198	316,315
Bond issuance cost	-	-	-	-	26,520	-	-	-	-	-
Waste Water Treatment Plant Totals	\$ 3,170,831	\$ 3,146,789	\$ 3,356,542	\$ 3,249,713	\$ 3,067,940	\$ 3,107,244	\$ 3,088,507	\$ 3,033,219	\$ 3,087,421	\$ 2,999,878
Totals										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 1,670,148	\$ 1,637,894	\$ 1,698,197	\$ 1,898,115	\$ 1,831,465	\$ 1,616,818	\$ 1,575,968	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963
Fringe benefits - insurance	547,690	536,071	408,772	256,804	183,657	218,388	240,684	198,481	220,894	231,046
Water Authority purchases	2,640,812	1,950,183	1,821,897	1,639,458	1,410,462	1,541,555	1,469,252	1,397,224	1,269,775	1,093,827
Utilities	354,065	513,363	532,195	352,364	384,717	315,547	272,363	286,276	325,958	272,090
Repairs & maintenance	184,307	195,282	185,580	164,163	173,824	158,658	228,393	282,621	257,696	270,086
Depreciation & amortization	1,936,623	1,911,710	1,810,513	1,747,847	1,700,218	1,643,954	1,611,172	1,557,751	1,555,696	1,489,290
Materials & supplies	642,517	479,715	478,304	605,214	604,381	514,909	562,505	610,572	537,265	507,036
General & administrative	445,971	307,090	307,104	384,284	331,202	419,074	247,279	256,950	248,513	129,685
Professional fees	51,626	192,463	-	-	-	-	-	-	-	-
Bond payments- principal	1,056,110	1,020,841	987,355	755,938	729,816	704,598	680,252	656,747	634,055	612,147
Bond payments- interest	168,772	203,738	247,254	271,118	197,523	222,543	247,560	271,290	294,198	316,315
Totals	\$ 9,698,641	\$ 8,948,350	\$ 8,477,171	\$ 8,075,305	\$ 7,573,785	\$ 7,356,043	\$ 7,135,428	\$ 7,026,442	\$ 6,822,441	\$ 6,396,485

Town of Christiansburg, Virginia
Enterprise Fund Expenses and Bond Payments Breakdown
For the Year Ended June 30, 2018

	Total	Water	Waste Water	Waste Water Treatment Plant
Personal service - Salaries, wages, payroll taxes, and retirement	\$ 1,670,148	\$ 657,780	492,522	519,846
Fringe benefits - insurance	547,690	216,654	162,529	168,507
Water Authority purchases	2,640,812	2,640,812	-	-
Utilities	354,065	46,674	108,851	198,540
Repairs & maintenance	184,307	38,208	79,523	66,576
Depreciation & amortization	1,936,623	609,546	495,581	831,496
Materials & supplies	642,517	210,105	128,625	303,787
General & administrative	445,971	223,624	121,155	101,192
Professional fees	35,800	-	-	35,800
Bond payments- principal	1,056,110	197,532	-	858,578
Bond payments- interest	184,598	82,263	15,826	86,509
Totals \$	\$ 9,698,641	\$ 4,923,198	\$ 1,604,612	\$ 3,170,831

Town of Christiansburg, Virginia

Proprietary Fund Business-type Activities Storm Water Statement of Revenues, Expenses, and Changes in Net Position
Last Ten Fiscal Years (1)

	2018	2017
Operating Revenues		
Charges for Services:		
Storm water monthly fees	\$ 1,350,405	\$ 1,366,949
Storm water maintenance & transfer fees	29,226	30,319
Penalties and Other	5,772	708
Total Operating Revenues	<u>\$ 1,385,403</u>	<u>\$ 1,397,976</u>
Operating Expenses		
Salaries and Wages	\$ 282,376	\$ 167,432
Employee Benefits	84,439	25,831
Depreciation and Amortization	99,164	34,143
Materials and Supplies	49,758	73,338
General and Administrative	30,154	100,704
Professional Services	650,776	-
Total Operating Expenses	<u>\$ 1,196,667</u>	<u>\$ 401,448</u>
Operating Income (Loss)	\$ 188,736	\$ 996,528
Nonoperating Revenues (Expenses)		
Interest and Fiscal Charges	\$ -	\$ -
Bond Issuance Costs	-	-
Total Nonoperating Revenues (Expenses)	<u>\$ -</u>	<u>\$ -</u>
Income (Loss) Before Contributions and Transfers	\$ 188,736	\$ 996,528
Capital Contributions	657,024	489,808
Transfers In (Out)	-	-
Change in Net Position	<u>\$ 845,760</u>	<u>\$ 1,486,336</u>
Net Position, Beginning	\$ 2,040,405	\$ - (2, 3)
Prior Period Adjustment	(43,920)	554,069
Net Position, Ending	<u><u>\$ 2,842,245</u></u>	<u><u>\$ 2,040,405</u></u>

(1) The Storm water fund was created at the beginning of fiscal year 2017 annual data will be presented going forward.

(2) Beginning balance was restated to move capital assets from the governmental activities to the stormwater fund.

(3) Beginning balance was restated for the implementation of GASB 75.

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, 2018, 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 9, 2018.

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.

A handwritten signature in cursive script that reads "Robinson, Famer, Cox Associates".

Blacksburg, Virginia
November 9, 2018