

TOWN OF CHRISTIANSBURG, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(JULY 1, 2013 TO JUNE 30, 2014)



VALERIE TWEEDIE CPA CFE CGFM
FINANCE DIRECTOR/TREASURER



TOWN OF CHRISTIANSBURG, VIRGINIA

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Introductory Section



ESTABLISHED
NOVEMBER 10, 1792

INCORPORATED
JANUARY 7, 1833

MAYOR
D. MICHAEL BARBER

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

TOWN MANAGER
BARRY D. HELMS

ASSISTANT TOWN MANAGER
RANDY S. WINGFIELD

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

CLERK OF COUNCIL
MICHELE M. STIPES

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

Town of Christiansburg, Virginia 24073

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

November 17, 2014

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 accounts. 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, 2014.

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

The Report

The Town of Christiansburg's financial statements have been audited by the independent certified public accounting firm of Michael B. Cooke, C.P.A., P.C. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Christiansburg for the fiscal year ended June 30, 2014, 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 unqualified opinion that the Town of Christiansburg's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented at the front of the financial section of this report.

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

Town of Christiansburg
Letter of Transmittal continued

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

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

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 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 to 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. Control by or financial dependence was determined on the basis of obligation 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

Town of Christiansburg
Letter of Transmittal continued

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

Services Provided

The Town of Christiansburg provides services for its citizens that have proven to be necessary and meaningful. Major services provided under the general government and enterprise function include: general administration, public safety, public works, planning, and recreational activities. The Town also provides and maintains water and sewer utilities, solid waste and recycling services, and 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 prepared by Town management. This budget is reviewed by the Town Council and is 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 any fund; 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

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget to actual expenditures by line item, and are distributed monthly to Town departmental management and to others upon request.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds these comparisons are presented in Exhibit G through Exhibit J as part of the basic financial statements for the governmental funds.

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 house 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 500 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 we have held our own fairly well and are beginning to see small improvements in the local economy and our reserves are stable.

Long-term Financial Planning

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

Town of Christiansburg
Letter of Transmittal continued

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

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 VIP (Virginia Investment Pool) to strengthen localities resources for investment of local government funds. The VIP is designed to follow all the current laws required for the (LGIP) Local Government Investment Pool) managed by the Commonwealth for investment of funds by local governments but anticipates to achieve 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 has remained unchanged in the Town for six years and was actually reduced in 2007 from 0.144 to the current rate of 0.1126 per hundred. The 2013-2014 budget has increased the real estate tax rate to 0.13. In 1980 the tax rate was 0.225 per \$100 and was reduced in 1983 to 0.175 and again in 1990 to 0.144 the rate was reduced during significant growth and development and increased assessed values. The personal property tax rate is 0.45 per hundred and has not been changed since 1987 when the rate was reduced from 2.25 per hundred. Citizens of

Town of Christiansburg
Letter of Transmittal continued

Christiansburg are taxed by both the Town and Montgomery County. The County increased its real estate tax rate for 2013 from 0.87 per hundred to 0.89 and remained at 0.89 for 2014. Its personal property tax rate increased from 2.45 per hundred in 2012 to 2.55 in 2013 and remain unchanged in 2014. The increased real estate rate is primarily to fund the construction of three new schools within the County.

The Town participants in the Virginia Retirement System (VRS) with benefits as outlined in the footnotes to the financial statements. The Towns annual required contribution was equal to its pension costs this year of \$ 1,867,635. The Town currently funds the current year requirement as well as an amortized portion of the unfunded liability. The unfunded actuarial accrued liability is amortized over a period of 30 years. The unfunded actuarial accrued liability of the pension fund as of the last valuation date of June 30, 2013 was \$13.9 million.

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

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

Major Initiatives

During this fiscal year the Town made great strides in completing the design and acquiring easements for the full connectivity of the Huckleberry Trail from the NRV Mall to the Recreation Center. 6500 feet of trail were completed this year along this route and the Bridge of the Trail that will go over Peppers Ferry road is expected to be finished in late November. Our sincerest thanks and appreciation to Rodger & Barbara Woody and Shah Development for their generous donation of just over 11 acres of land for development of the trail system achieving connectivity of the trail system to the newly acquired 62 acre Wilson parcel for future park development.

The Town acquired approximately 62 acres of land for future recreational development in keeping with the Town's Vision for A Green Community; A Recreation, Cultural, and Entertainment Mecca; A Clean, Healthy, Safe Place to Live. In 2014 a master plan for the development of all of the Town parks was prepared and the full plan is available on the Towns Website.

Utilities - Water System Upgrade Phase 6 – Depot Street--This project consisted of construction of approximately 9,300 feet of 16-inch diameter water transmission main, completing the connection between the NRV Regional Water Authority's new Christiansburg Booster Station located behind

Town of Christiansburg
Letter of Transmittal continued

the New River Valley Mall to the east end of town at Hungate Drive. \$1.8 million was budgeted for construction of this project. The waterline was constructed at a cost of \$1.3 million. The remaining \$0.5 million will be used make additional improvements related to the project and to resurface Depot Street.

Utilities - Effective Water Storage Improvement Project--This phased project improves the effectiveness of the Town's water storage and maintains compliance with guidelines established by the Virginia Department of Health. Phases 1 and 2 were completed, which include construction of a water booster station and approximately 3,600 feet of 6-inch diameter water main and were complete at an approximate cost of \$200,000.

Utilities - Railroad Street Waterline Project--This project consisted of constructing approximately 1,060 feet of 6-inch diameter water main. It provides reliable water service to residents on Railroad Street and was completed at an approximate cost of \$100,000.

Utilities - Sanitary Sewer Rehabilitation Project--This project consisted of rehabilitating 1,850 feet of sanitary sewer main and 43 sanitary sewer manholes. This sanitary sewer rehabilitation project was performed on the collection system in the College Street area with the goal of reduced inflow and infiltration of stormwater. To date, the approximate project cost is \$120,000 with minor lateral grouting and manhole rehabilitation remaining.

Transportation - Huckleberry Trail Extension, Phase IIA, IIB and IIE--These phased extensions on the trail connected Route 114 to the Christiansburg Recreation Center, totaling approximately 6500 feet. Beginning at the Renva W. Knowles Bridge, the trail was extended behind Wal-Mart and Home Depot then across the Corning rail spur to Cambria Street. An electronic sensor pedestrian crossing system activating flashing lights was installed at the Cambria Street crossing. The trail then parallels Cambria Street and connects to a previously installed 1000 foot trail extension, Phase IIC, providing the final connection to the Recreation Center. The approximate construction cost of this 5500 foot extension was \$950,000 and was funded through the VDOT Revenue Sharing and Transportation Enhancement programs.

Transportation - East Main and Park Streets Sidewalk Improvements--The continuation of the third phase of this multi-phased sidewalk replacement project funded through the Community Development Block Grant program provides sidewalk improvements to East Main Street from Roanoke Street to Park Street and on Park Street from East Main Street to Hungate Street at an approximate cost of \$53,000.

Stormwater - Diamond Hills Stream Restoration--The Diamond Hills Park Stream Restoration Project restored approximately 2,233 linear feet of impaired stream channel below Independence Boulevard that drains to Crab Creek. The stream restoration utilized natural stream channel design and construction techniques. In addition to the multitude of planting required of the project, an area was graded for a potential future walking trail. This project is associated with a mitigation

Town of Christiansburg
Letter of Transmittal continued

project in Wythe County and was proposed and constructed by Branch Highways at no cost to the Town.

Storm water – Independence Boulevard Culvert Replacement--This project replaces three existing 60-inch culverts under Independence Boulevard with a single-span arch pipe. Associated with this was construction of an upper storm water management basin located below North Franklin Street and adjacent to the Members One Bank. Both projects control storm water runoff and reduce flooding in this 500 acre drainage basin. The project was proposed and constructed by Branch Highways at an approximate cost of \$465,000.

We have also moved forward with an initiative to change our garbage collection system to utilize automated trucks to pick up larger trash receptacles. This system provides a cleaner look in the communities during trash removal days, reduces injuries to workers, and increases the efficiency of weekly trash collection. The new collection system began in April of 2014 and is now working with a significant reduction in pick up time. Routes are in the process of being reevaluated to provide even greater efficiencies.

Awards and Acknowledgements

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

Click it or Ticket Safety Belt Usage Award. This award is presented to municipalities that prove the highest seat belt usage during the year.

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

Outstanding EMS Agency 2012

Chief Coyle was recognized as Outstanding EMS Agency Administrator 2013

Chief Coyle was recognized For Excellence in EMS 2014

In January of 2014 the Town began billing insurance for Emergency medical responses within our community. Proceeds from those funds have been set aside by policy of the Town Council only for use in funding rescue and emergency services needs. In the first six months of the program \$249,000 was received in revenue and related expenses were \$102,000 netting a carryover amount for future acquisition of equipment of \$147,000. The program is averaging about \$50,000 per month in revenue.

Town of Christiansburg
Letter of Transmittal continued

Renovation of Treasurer Office. During the year we engaged contractors to redesign our cashiering counters to create more space for the cashiers to work, reduce the number of computers needed and provide better security for the department. Renovations were completed in September of 2014. The renovation cost just under \$100,000 and is expected to generate savings for computers, software licenses, reduced injuries to staff and efficiencies in the work flow.

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

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

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



Finance/Treasurers Office Staff

Left to right front Row: Jeff Groseclose, Lori Bayne, Valerie Tweedie, Becky Lucas, Amber Beasley, Marc Evans
Back Row: Sherry Hunter ,Deborah Mauricio, Debbie Reed Camera Shy: Stacy Harris, Sharon Graves

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

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

Respectfully submitted,

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

Barry Helms
Town Manager
Town of Christiansburg



Government Finance Officers Association

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

Presented to

**Town of Christiansburg
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

TOWN OF CHRISTIANSBURG, VIRGINIA

LIST OF PRINCIPAL OFFICIALS

June 30, 2014

MEMBERS OF TOWN COUNCIL

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

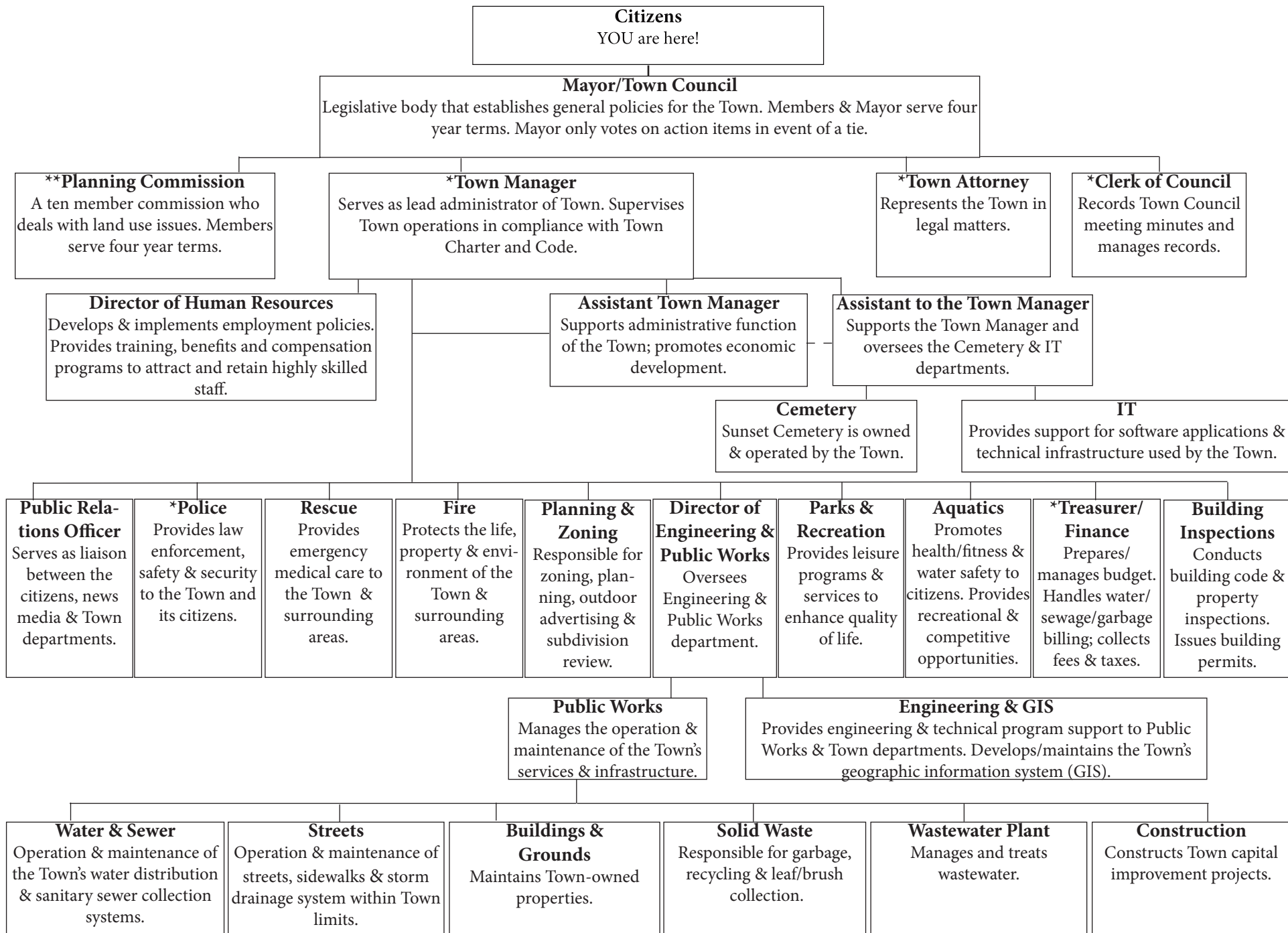
GENERAL TOWN GOVERNMENT

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

INDEPENDENT AUDITORS

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

Town of Christiansburg Organizational Structure & Departmental Functions



* Position appointed by Council

** Planning Commission Members appointed by Council

For more information on these departments & the functions they oversee, please visit www.christiansburg.org

Financial Section

Michael B. Cooke, C.P.A., P.C.
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and business-type activities of the Town of Christiansburg, Virginia (the "Town"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the Town of Christiansburg, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Analysis of Funding Progress for Defined Benefit Pension Plan, Analysis of Funding Progress for Sick Pay Plan, and Analysis of Funding Progress for Retirement Service Merit Plan as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and related directly to the underlying

accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financials statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is 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 17, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

Blacksburg, Virginia
November 17, 2014

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TOWN OF CHRISTIANSBURG, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014

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, 2014. It should be read in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$3,291,193 during the fiscal year, on the government-wide basis. The Town's total net position, on the government-wide basis, totaled \$151,449,818 at June 30, 2014. Of this amount, \$18,273,223 may be used to meet ongoing obligations to citizens and creditors, \$126,659,599 is invested in capital assets, net of related debt, \$484,446 is restricted for perpetual care in the Cemetery Fund; \$6,032,550 is restricted for other purposes.
- On a government-wide basis for governmental activities, the Town had expenses (including transfers) net of program revenues of \$18,895,325, which were \$3,050,383 less than the general revenues, of \$21,945,709.
- At June 30, 2014 the Town's Governmental Funds Balance Sheet reported total ending fund balances of \$20,107,264 of which \$511,420 was non-spendable as a part of the cemetery perpetual care fund and prepaid expenses of the general fund, \$1,505,228 was restricted by law or donor restrictions; \$3,482,088 was assigned to specific savings for future needs of the Town and \$14,608,528 was unassigned and available to meet future needs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

infrastructure should also be considered in assessing the overall financial health of the Town.

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

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

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

Fund Financial Statements

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Christiansburg, assets and

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$151,449,818 at the close of the most recent fiscal year, June 30, 2014.

By far the largest portion of the Town of Christiansburg's net position (84 percent) reflects its investment in capital assets (e.g., land, buildings and structures, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town of Christiansburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Christiansburg's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

Summary of Net Position:

The following table presents a condensed summary of net position:

Summary of Net Position						
As of June 30, 2014						
(In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 24,127	\$ 22,248	\$ 4,652	\$ 1,769	\$ 28,779	\$ 24,016
Capital assets, net	109,485	108,155	38,985	38,559	148,470	146,714
Total Assets	133,612	130,403	43,637	40,328	177,249	170,730
Deferred charge on refunding, net	366	-	-	-	366	-
Total Deferred Outflows Of Resources	366	-	-	-	366	-
Other liabilities	1,589	2,866	968	890	2,557	3,756
Long-term liabilities	14,535	12,737	9,070	6,079	23,605	18,816
Total Liabilities	16,124	15,603	10,038	6,969	26,162	22,572
Prepaid taxes	4	-	-	-	4	-
Total Deferred Inflows Of Resources	4	-	-	-	4	-
Net position:						
Net investment in capital assets	96,639	96,646	30,020	32,585	126,659	129,231
Restricted	6,517	6,727	-	-	6,517	6,727
Unrestricted	14,694	11,427	3,580	774	18,274	12,201
Total Net Position	\$ 117,850	\$ 114,800	\$ 33,600	\$ 33,359	\$ 151,450	\$ 148,159

The Town's combined net position increased from \$148,158,625 to \$151,449,818 as a result of the increase in net position of Business-type activities of \$240,810 and an increase in Governmental activities of \$3,050,383. This increase is primarily due to several large capital projects not getting underway in 2014 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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

operations of the Town totaled \$14,693,551. Net invested in capital assets, represents the amount of capital assets owned by the Town, including infrastructure, net of any outstanding debt. Net assets are reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions. The total amount of restricted net position is \$6,516,996; \$484,446 is restricted for the use of perpetual care in the Cemetery Fund and \$6,032,550 is restricted by law, contract or donor restrictions or has been assigned for specific use.

Summary of Changes in Net Position:

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for services	\$ 2,580	\$ 2,415	\$ 6,874	\$ 6,959	\$ 9,454	\$ 9,374
Operating grants and contributions	4,599	575	-	-	4,599	575
Capital grants and contributions	887	41	-	46	887	87
General Revenues:						
Property taxes	3,921	3,129	-	-	3,921	3,129
Local portion of state sales taxes	1,768	1,589	-	-	1,768	1,589
Business and professional occupational license taxes	2,146	2,082	-	-	2,146	2,082
Utility taxes	570	552	-	-	570	552
Franchise taxes	812	-	-	-	812	-
Prepared food and beverage taxes	6,120	6,164	-	-	6,120	6,164
Commonwealth share-personal property taxes	229	229	-	-	229	229
Cigarette taxes	606	619	-	-	606	619
E-911 and communication taxes	924	957	-	-	924	957
Transient room taxes	1,286	1,300	-	-	1,286	1,300
Other taxes	523	1,277	-	-	523	1,277
Permits, fees and licenses	157	171	-	-	157	171
Interest and investment income	238	228	-	-	238	228
Fines and forfeitures	-	173	-	-	-	173
Miscellaneous	2,437	608	158	156	2,595	764
Cemetery	45	29	-	-	45	29
Payments from Other Governments- State and Federal	164	3,538	-	-	164	3,538
Total Revenues	30,012	25,676	7,032	7,161	37,044	32,837
Expenses						
General Government	2,805	2,435	-	-	2,805	2,435
Public Safety	8,418	8,198	-	-	8,418	8,198
Public Works	8,496	9,148	-	-	8,496	9,148
Health and Welfare	3	3	-	-	3	3
Parks, Recreation and Cultural	5,713	4,664	-	-	5,713	4,664
Community Development	1,224	1,364	-	-	1,224	1,364
Interest and Fiscal Charges	302	525	-	-	302	525
Water	-	-	6,844	6,652	6,844	6,652
Total Expenses	26,961	26,337	6,844	6,652	33,805	32,989

MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Capital contributions	-	-	53	-	53	-
Insurance recoveries	-	3	-	-	-	3
Special item	-	(136)	-	-	-	(136)
Change in net position	3,050	(794)	241	509	3,291	(285)
Net Position, beginning	114,800	115,720	33,359	32,850	148,159	148,570
Restatement of beginning Net Position implementation of GASB No. 65	-	(126)	-	-	-	(126)
Net Position, ending	\$ 117,850	\$ 114,800	\$ 33,600	\$ 33,359	\$ 151,450	\$ 148,159

The property tax classification, which comprises approximately 13% of total revenue generated by governmental activities, includes real estate taxes, the local portion of personal property taxes, machinery and tools taxes, and public service corporation taxes. Real estate tax revenues totaled \$2,588,595.

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 45% 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 9% of the governmental activities revenues.

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

Public Works expenses comprised approximately 32% 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 21% of government activities expenses.

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

The net position of business-type activities increased \$240,810 primarily due to several planned capital improvement projects not completed as anticipated during the year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

For the fiscal year ended June 30, 2014, the governmental funds reflect a total fund balance of \$20,107,264. Of this amount, \$14,608,528 constitutes unassigned fund balance, which is available for spending for services, debt obligations and future capital projects. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures.

The General Fund balance increased by \$2,678,462 during the fiscal year ending June 30, 2014 primarily due to capital projects not being completed as planned during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Special Revenue fund balance decreased by \$231,889 from the prior year; this was the net effect of a number of transactions within the special revenue funds. The most noteworthy being the transfer of funds from the Renva Knowles fund to support the construction of the Renva Knowles Bridge and Huckleberry Trail projects. The Huckleberry Trail is a recreational bike and walking trail throughout the Town and connecting the trail through Montgomery County to the Town of Blacksburg.

Local taxes generated the majority of General Fund revenue, totaling approximately \$18,310,096 in fiscal year ending June 30, 2014.

Intergovernmental revenue is the second largest source of General Fund revenues, generating approximately \$3,947,753 in fiscal year ending June 30, 2014. The majority of this revenue is received from the Commonwealth and includes reimbursement for law enforcement funding received under House Bill 599, street maintenance funds from the Virginia Department of Transportation, and communication taxes from the Commonwealth.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues were more than the budgeted revenues by \$701,608. This was primarily due to an increase in state funding for street maintenance, and slightly higher than expected sales taxes and bank franchise fees.

General Fund expenditures were less than the budgeted amount by \$2,521,490 for general operations due primarily to several large capital projects and capital vehicles not being completed and purchased within the fiscal year.

CAPITAL ASSETS

As of June 30, 2014, the Town's capital assets for its governmental and business-type activities amounted to \$148,469,991 (net of accumulated depreciation). This investment includes land, streets and highways, construction in progress, land improvements, buildings and structures, vehicles, equipment, and infrastructure. The total net increase (additions less retirements and depreciation) in the Town's investment in capital assets for the current fiscal year was \$1,755,623.

Capital Assets, Net of Depreciation (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Land	6,610	\$ 5,367	\$ 12	\$ 12	6,622	\$ 5,379
Construction in Progress	1,831	430	59	-	1,890	430
Streets & Highways	67,451	69,663	-	-	67,451	69,663
Land Improvements	1,422	1,562	-	-	1,422	1,562
Buildings & Structures	25,261	25,385	17,826	18,410	43,087	43,795
Equipment	3,430	3,003	21,088	20,137	24,518	23,140
Vehicles	1,811	1,267	-	-	1,811	1,267
Infrastructure	1,669	1,478	-	-	1,669	1,478
Total	\$ 109,485	\$ 108,155	\$ 38,985	\$ 38,559	\$ 148,470	\$ 146,714

The changes in each category of Capital Assets are presented in detail in note 8 (pages 36-37) of the notes to financial statements.

Major capital asset events during the fiscal year included the following: new gymnasium floor \$229,885; additions to the Huckleberry Trail \$1,216,097; restoration of the stream and culverts on Independence Blvd. and Diamond Hills \$231,340;

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

improvements to the information technology structure of \$99,832; renovations to the Treasurer's office \$69,230; new backhoe \$149,987; new loader \$185,513; (2) automated garbage collection vehicles \$351,214; knuckle boom truck \$141,518; Summit Ridge playground equipment \$39,718; power loading stretchers for Rescue Department \$52,398; (6) new vehicles for the Police Department \$167,788; land donation valued at \$1,243,100; roads \$887,040; and paving and resurfacing of streets \$855,275.

LONG-TERM DEBT

At June 30, 2014, the Town's long-term liabilities, not including compensated absences, landfill closure, bond premiums and post closure care costs payable, totaled \$22,123,926; which is comprised of \$13,159,300 related to governmental activities, and \$8,964,626 related to business-type activities. Total debt increased by \$4,640,084 during the fiscal year.

The Charter of the Town of Christiansburg and Code of Virginia limits the Town's net debt to 10% of the assessed valuation of real estate within the Town limits. This limit applies to governmental activity debt as well as long-term liabilities of business-type funds which were issued as general obligations of the Town, even though those debts are expected to be paid with revenues generated by those activities. The Town's total general obligation debt of \$22,123,926 is well below the legal debt limit of \$181,744,286 (see Schedule 13 of Statistical Section).

Interest and fiscal charges for fiscal year ending June 30, 2014 were \$301,654 of the total governmental activities expenses and \$197,523 of the enterprise expenses.

The Town did an advanced refunding of one of the Aquatic Center loans outstanding during the year which will result in annual interest savings of approximately \$80,000.

For more detailed information about long-term debt refer to note 9 (page 37-40) in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic outlook during 2014 was somewhat improved over the previous 3 years, however there was not the level of improvement originally anticipated. The unemployment rate has decreased from 6.5% to 5.9% as of June 2014. The unemployment rate for the Commonwealth of Virginia is at 5.7%, as of August 2014, compared to the U.S. overall rate of 6.3%.

One indicator of the state of the economy is the sales tax revenue, which is directly related proportionally to the retail sales. Retail sales were consistent with prior year throughout the County. The Town's distribution of sales tax increased by 11.2% which was a result of an increase of our distributive share of the same amount of retail sales, as that distribution is based on school-age population. The Town's proportional school-age population increased 4%, resulting in an increase of 11.2% of the Town's distributive share. Overall, the economic indicator is that sales are improving, or at least stable, indicating some economic stability going forward.

In addition to sales tax, the tax imposed by the Town on meals and lodging have increased over prerecession levels even when factoring out the increases in the rates charged. Both meals and lodging taxes were down from 2013 levels by just under 1%, but well above prerecession levels.

In the fiscal year ending, June 30, 2014, we saw an 8% decline in building permits within the Town which indicates a slowdown in the construction industry and construction activities within the Town by developers. We are aware of a number of development projects that are in the works, but actual construction is not moving

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

forward at the present time. This indicates that the real estate and construction industry is not rebounding as quickly as other segments, but there appears to be slow-moving planned developments in process.

These signals seem to indicate the economy in our area is stabilizing with some small growth in a few areas and some pull back in others. The Town also has concerns with future intergovernmental revenues from both federal and state sources, declining as a result of the continued economic instability at the state and federal levels, particularly as it relates to street maintenance funds and law enforcement funds.

The 2014-2015 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 improvement 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)382-6128. The Town's website address is www.christiansburg.org.

STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 18,388,043	\$ -	\$ 18,388,043
Cash and Cash Equivalents, restricted	1,839,114	-	1,839,114
Investments	2,571,909	-	2,571,909
Investments, restricted	233,345	-	233,345
Receivables (net of allowance for uncollectible)	3,591,392	1,174,525	4,765,917
Prepaid Items	29,674	175	29,849
Internal Balances	(3,477,921)	3,477,921	-
Due from Other Governments	951,179	-	951,179
Capital Assets (net of accumulated depreciation)			
Land	6,610,569	12,500	6,623,069
Land Improvements	1,422,410	-	1,422,410
Buildings and Structures	25,260,913	17,825,910	43,086,823
Machinery and Equipment	3,429,570	21,087,628	24,517,198
Vehicles	1,811,293	-	1,811,293
Infrastructure	1,668,789	-	1,668,789
Construction in Progress	1,830,946	58,772	1,889,718
Streets and Highways	67,450,691	-	67,450,691
Total Assets	<u>133,611,916</u>	<u>43,637,430</u>	<u>177,249,346</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding, net	366,170	-	366,170
Total Deferred Outflows of Resources	<u>366,170</u>	<u>-</u>	<u>366,170</u>
Liabilities			
Accounts Payable and Accrued Liabilities	760,375	123,965	884,340
Consumer Deposits	-	353,668	353,668
Due to Water Authority	-	347,759	347,759
Accrued Payroll and Related Liabilities	718,037	87,713	805,750
Accrued General Obligation Bond Interest	-	54,626	54,626
Interest Payable	110,312	-	110,312
Long-Term Liabilities:			
Due within one year	873,283	766,460	1,639,743
Due in more than one year	13,148,451	8,303,383	21,451,834
Other Post-Employment Benefits	513,430	-	513,430
Total Liabilities	<u>16,123,888</u>	<u>10,037,574</u>	<u>26,161,462</u>
Deferred Inflows of Resources			
Prepaid Taxes	4,235	-	4,235
Total Deferred Inflows of Resources	<u>4,235</u>	<u>-</u>	<u>4,235</u>
Net Position			
Net Investment in Capital Assets	96,639,415	30,020,184	126,659,599
Restricted for:			
Cemetery Perpetual Care	484,446	-	484,446
Public Works	765,690	-	765,690
Public Safety	3,552,430	-	3,552,430
Employee Benefits	1,045,232	-	1,045,232
Parks and Recreation	669,198	-	669,198
Unrestricted	14,693,551	3,579,672	18,273,223
Total Net Position	<u>\$ 117,849,962</u>	<u>\$ 33,599,856</u>	<u>\$ 151,449,818</u>

See accompanying notes to financial statements.

TOWN OF CHRISTIANBURG

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,805,119	\$ -	\$ -	\$ -
Public Safety	8,418,250	147,646	1,002,297	-
Public Works	8,496,043	1,439,764	3,341,785	887,040
Health and Welfare	3,353	-	-	-
Parks, Recreation, and Culture	5,712,596	992,090	255,420	-
Community Development	1,224,353	-	-	-
Interest on Long-Term Debt	301,654	-	-	-
Total Governmental Activities	26,961,368	2,579,500	4,599,502	887,040
Business-Type Activities:				
Water and Sewer	6,843,971	6,873,832	-	-
Grants in Aid of Construction	-	-	-	53,489
Total Business-Type Activities	6,843,971	6,873,832	-	53,489
Total Primary Government	\$ 33,805,340	\$ 9,453,332	\$ 4,599,502	\$ 940,529

General Revenues:

Taxes:

Property
Sales
Prepared Meals
Business Licenses
Franchise
Cigarette
Lodging
Other

Permits, Fees and Licenses

Revenues from Use of Property
Unrealized Gain on Investments
Investment Earnings
Intergovernmental - Unrestricted
Cemetery

Other

Total General Revenues and Transfers

Change in Net Assets

Net Position, beginning

Prior Period Adjustment

Net Position, beginning - restated

Net Position, ending

See accompanying notes to financial statements.

Net (Expense) Revenue and Change in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,805,119)	\$ -	\$ (2,805,119)
(7,268,307)	-	(7,268,307)
(2,827,454)	-	(2,827,454)
(3,353)	-	(3,353)
(4,465,086)	-	(4,465,086)
(1,224,353)	-	(1,224,353)
(301,654)	-	(301,654)
(18,895,325)	-	(18,895,325)
-	29,861	29,861
-	53,489	53,489
-	83,350	83,350
\$ (18,895,325)	\$ 83,350	\$ (18,811,976)
3,920,803	-	3,920,803
1,768,371	-	1,768,371
6,119,575	-	6,119,575
2,146,259	-	2,146,259
811,550	-	811,550
606,416	-	606,416
1,286,145	-	1,286,145
2,016,969	-	2,016,969
157,471	-	157,471
224,381	-	224,381
434	-	434
237,192	-	237,192
392,830	-	392,830
44,515	-	44,515
2,212,798	157,460	2,370,258
21,945,709	157,460	22,103,169
3,050,383	240,810	3,291,193
114,925,804	33,359,046	148,284,850
(126,225)	-	(126,225)
114,799,579	33,359,046	148,158,625
\$ 117,849,962	\$ 33,599,856	\$ 151,449,818

**GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2014**

	General	Cemetery	Special Revenue	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 18,388,043	\$ -	\$ -	\$ 18,388,043
Cash and Cash Equivalents, restricted	-	222,858	1,616,256	1,839,114
Investments	2,571,909	-	-	2,571,909
Investments, restricted	-	217,073	16,272	233,345
Receivables, net				
Taxes, including penalties (net of allowance of \$55,834)	122,572	-	-	122,572
Accounts (net of allowance of \$22,719)	931,997	-	-	931,997
Prepaid Items	26,974	-	2,700	29,674
Due from Other Funds	-	57,433	-	57,433
Due from Other Governments	295,908	-	655,271	951,179
Total Assets	<u>22,337,402</u>	<u>497,364</u>	<u>2,290,499</u>	<u>25,125,266</u>
Liabilities				
Accounts Payable and Accrued Liabilities	686,610	7,481	66,283	760,375
Accrued Payroll and Related Liabilities	709,741	3,863	4,434	718,037
Due to Other Funds	2,820,800	-	714,554	3,535,354
Total Liabilities	<u>4,217,152</u>	<u>11,344</u>	<u>785,270</u>	<u>5,013,766</u>
Deferred Inflows of Resources				
Prepaid Taxes	4,235	-	-	4,235
Total Deferred Inflows of Resources	<u>4,235</u>	<u>-</u>	<u>-</u>	<u>4,235</u>
Fund Balances				
Nonspendable	26,974	484,446	-	511,420
Restricted	-	-	1,505,228	1,505,228
Committed	-	-	-	-
Assigned	3,482,088	-	-	3,482,088
Unassigned	14,606,954	1,574	-	14,608,528
Total Fund Balances	<u>18,116,016</u>	<u>486,020</u>	<u>1,505,228</u>	<u>20,107,264</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 22,337,402</u>	<u>\$ 497,364</u>	<u>\$ 2,290,499</u>	<u>\$ 25,125,266</u>

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Fund Balances-total governmental funds		\$	20,107,264
Amounts reported for governmental activities in the Statement of Net Position are different because:			
The installment of the real property taxes receivable would not be recognized for governmental activities because it is not collectible within 45 days after year-end			2,536,823
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:			
Governmental capital assets	\$	142,174,325	
Less: accumulated depreciation and amortization		<u>(32,689,144)</u>	109,485,181
Deferred outflows of resources are not available to pay for current period expenditures and therefore are deferred in the funds. Deferred charge of refunding is shown net of amortization in the amount of \$18,308.			366,170
Compensated absences are not due and payable in the current year and therefore are not reported in the governmental funds.			(695,237)
Landfill closure and postclosure care costs are not due and payable in the current year and therefore are not reported in the governmental funds.			(114,561)
Accrued merit and sick pay (OPEB) are not due and payable in the current year and therefore are not reported in the governmental funds.			(513,429)
Interest payable used in the governmental activities is not payable from current resources and therefore is not reported in the governmental funds.			(110,312)
Governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities and reported as a long-term liability on the Statement of Net Position.			(52,636)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:			
2014 General Obligation Bond		(1,049,400)	
2013 General Obligation Refunding Bond		(9,394,900)	
2013 General Obligation Improvement Bond		(605,000)	
2007 Revenue Bond		(1,560,000)	
2004 Revenue Bond		(275,000)	
1995 General Obligation Note		<u>(275,000)</u>	(13,159,300)
Net Position of Governmental Activities		\$	<u><u>117,849,962</u></u>

See accompanying notes to financial statements.

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	General	Cemetery	Special Revenue	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 3,554,811	\$ -	\$ -	\$ 3,554,811
Sales	1,768,371	-	-	1,768,371
Prepared Meals	6,119,575	-	-	6,119,575
Business Licenses	2,146,259	-	-	2,146,259
Franchise	811,550	-	-	811,550
Cigarette	606,416	-	-	606,416
Lodging	1,286,145	-	-	1,286,145
Other	2,016,969	-	-	2,016,969
Permits, Privilege Fees, and Regulatory Licenses	157,471	-	-	157,471
Fines and Forfeitures	147,646	-	-	147,646
Revenues from Use of Property	224,381	-	-	224,381
Unrealized Gain on Investments	434	-	-	434
Investment Earnings	206,257	8,983	21,953	237,193
Charges for Services	2,431,854	-	-	2,431,854
Intergovernmental	3,947,753	-	1,044,579	4,992,332
Cemetery	-	44,515	-	44,515
Other	203,229	61,500	677,893	942,622
Total Revenues	25,629,122	114,998	1,744,425	27,488,545
Expenditures:				
General Government Administration	2,297,456	-	-	2,297,456
Public Safety	7,292,489	-	565,353	7,857,842
Public Works	5,358,991	-	-	5,358,991
Health and Welfare	3,353	-	-	3,353
Parks, Recreation, and Culture	3,699,923	148,687	-	3,848,610
Community Development	1,251,397	-	-	1,251,397
Capital Outlay	3,582,482	35,000	1,442,516	5,059,998
Debt Service:				
Principal Retirement	600,000	-	-	600,000
Interest and Fiscal Charges	207,461	-	-	207,461
Bond Issuance Cost	31,780	-	-	31,780
Total Expenditures	24,325,332	183,687	2,007,870	26,516,888
Excess (Deficiency) of Revenues over (under) Expenditures	1,303,790	(68,689)	(263,445)	971,656
Other Financing Sources (Uses):				
Insurance Recoveries	27,075	-	-	27,075
Bond Proceeds - General Obligations	1,654,400	-	-	1,654,400
Proceeds of Refunding Bonds	9,394,900	-	-	9,394,900
Payment to Refunded Bond Escrow Agent	(9,369,569)	-	-	(9,369,569)
Transfers (to) from:				
Special Revenue Fund	(31,556)	-	31,556	-
Cemetery Fund	(123,761)	123,761	-	-
Total Other Financing Sources (Uses)	1,551,489	123,761	31,556	1,706,806
Net Changes in Fund Balances	2,855,279	55,072	(231,889)	2,678,462
Fund Balance, beginning	15,260,737	430,948	1,737,117	17,428,802
Fund Balance, ending	\$ 18,116,016	\$ 486,020	\$ 1,505,228	\$ 20,107,264

See accompanying notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Net Change in Fund Balances - total governmental fund		\$ 2,678,462
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Change in deferred revenues	\$ (2,650)	
Change in taxes receivable	<u>371,292</u>	368,642
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 4,870,847	
Less: current year depreciation	<u>(5,671,076)</u>	(800,229)
Governmental funds report an increase in compensated absences as an expenditure. However, in the Statement of Net Position the addition increases long-term liabilities.		475
Governmental funds report the decrease in postclosure care costs as an expenditure. However, in the Statement of Net Position the reductions reduce long-term liabilities.		10,253
Governmental funds report repayment of bond principal as an expenditure. However, in the Statement of Net Position the repayment reduces long-term liabilities.		600,000
Governmental funds report premiums on bonds as other financing sources and uses. However, in the Statement of Net Position these bonds are reported as a long-term liability and amortized.		4,049
The value of the roads and streets taken over by the Town from developers is considered contributed capital on the Statement of Activities and included as capital assets on the Statement of Net Position.		887,040
Governmental funds do not report donations of capital assets used in operations as revenue. However, the fair market value of these donations are recognized as revenue on the Statement of Activities.		1,243,100
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds.		105,157
Governmental funds report proceeds from bonds issued as other financing sources. However, in the Statement of Net Position these bond proceeds are reported as long-term liabilities.		(11,049,300)
Governmental funds report advanced refunding payments to escrow agents as other financing uses. However, on the Statement of Net Position old debt legally defeased is removed and the difference between the reacquisition price and the net carrying amount of the old debt is shown as a deferred outflows of resources.		9,184,478
Deferred charges on refunding on the Statement of Net Position is amortized over the life of the bonds and increases interest expense for the year.		(18,308)
Accrued merit and sick pay (OPEB) in the Statement of Activities does not require the use of current financial resources and is therefore not reported as expenditures in governmental funds.		(163,436)
Change in Net Position of Governmental Activities		<u><u>\$ 3,050,383</u></u>

See accompanying notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND (modified accrual basis of accounting)
YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
Revenues (Inflows):				
General Property Taxes	\$ 3,371,240	\$ 3,371,240	\$ 3,554,811	\$ 183,571
Consumer Utility Taxes	605,000	605,000	570,068	(34,932)
Business License Taxes	2,177,000	2,177,000	2,146,259	(30,741)
Franchise License Taxes	150,000	150,000	150,066	66
Motor Vehicle Licenses	512,000	512,000	520,230	8,230
Bank Franchise Taxes	525,000	525,000	661,484	136,484
Transient Lodging Taxes	1,253,000	1,253,000	1,289,100	36,100
Prepared Meals Taxes	6,112,000	6,112,000	6,119,575	7,575
Cigarette Taxes	625,000	625,000	606,416	(18,584)
Building and Zoning Fees	176,500	176,500	157,471	(19,029)
Court and Parking Fines	155,300	155,300	117,736	(37,565)
Energy Sales	-	-	8,892	8,892
Alarm Fees	-	-	21,019	21,019
Interest	125,000	125,000	206,257	81,257
Unrealized Gains on Investments	-	-	434	434
Rentals and Sale of Surplus Items	193,500	193,500	224,381	30,881
Solid Waste Service	1,436,000	1,436,000	1,437,794	1,794
Parks, Recreation, Aquatics	974,150	974,150	992,090	17,940
Miscellaneous	200,950	200,950	205,199	4,249
Non-Categorical				
State Aid (ABC), etc.	1,331,950	1,331,950	1,306,651	(25,299)
Sales Taxes	1,600,000	1,600,000	1,768,371	168,371
Street Maintenance Payments	3,000,000	3,000,000	3,138,350	138,350
Litter Control Grant	6,100	6,100	5,455	(645)
Law Enforcement Funds	416,700	416,700	416,572	(128)
National Guard Armory	3,200	3,200	4,441	1,241
Non-Revenue Receipts	5,000	5,000	27,075	22,075
Total Revenues	24,954,590	24,954,590	25,656,198	701,608
Expenditures (Outflows):				
Current:				
General Government Administration	3,277,639	3,277,639	2,750,626	527,013
Police Department	6,271,780	6,271,780	5,961,014	310,766
Volunteer Fire Department	812,977	812,977	642,144	170,833
Lifesaving and Rescue	902,565	902,565	699,945	202,620
Inspections	352,941	352,941	321,761	31,180
Street Department	5,750,533	5,750,533	5,218,657	531,876
Solid Waste Service	1,967,042	1,967,042	1,874,630	92,412
Building and Grounds	212,653	212,653	134,072	78,581
National Guard Armory	23,800	23,800	19,475	4,325
Town Hall	123,704	123,704	132,373	(8,669)
Municipal Shop	229,340	229,340	185,680	43,660
Welfare and Social Services	3,353	3,353	3,353	-
Parks and Recreation	2,373,567	2,435,567	2,204,988	230,579
Aquatic Center	2,016,623	2,016,623	2,053,427	(36,804)
Library	15,000	15,000	15,000	-
Planning and Community Development	738,260	738,260	706,724	31,536
Engineering	564,810	624,908	562,222	62,686
Debt Service	1,088,138	1,088,138	839,241	248,897
Total Expenditures	26,724,725	26,846,823	24,325,332	2,521,490
Excess of Revenues over (under) Expenditures	(1,770,135)	(1,892,233)	1,330,865	3,223,097
Other Financing Sources (Uses):				
Bond Proceeds	5,377,000	5,377,000	11,049,300	5,672,300
Payment to Bond Escrow Agent	-	-	(9,369,569)	(9,369,569)
Transfers	(4,700,362)	(4,700,362)	(155,317)	4,545,045
Total Other Financing Sources (Uses)	676,638	676,638	1,524,414	847,776
Net Change in Fund Balance	(1,093,497)	(1,215,595)	2,855,279	4,070,873
Fund Balance, beginning	\$ 16,902,311	\$ 10,522,172	\$ 15,260,737	\$ 4,738,565
Fund Balance, ending	\$ 15,808,814	\$ 9,306,577	\$ 18,116,016	\$ 8,809,438

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND (modified accrual basis of accounting)
 YEAR ENDED JUNE 30, 2014

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

Sources/Inflows of Resources:

Actual amount of "total revenues" from the budgetary comparison statement.	\$ 25,656,198
Insurance recoveries are inflows of budgetary resources but are not revenues for financial reporting purposes (Exhibit E).	<u>(27,075)</u>
Total general fund revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit E).	<u><u>\$ 25,629,122</u></u>

Uses/Outflows of Resources:

Actual amount of "other financing sources (uses)" from the budgetary comparison statement.	\$ 1,524,414
Insurance recoveries are inflows of budgetary resources but are not revenues for financial reporting purposes (Exhibit E).	<u>27,075</u>
Total general fund "other financing sources and uses" as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit E).	<u><u>\$ 1,551,489</u></u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND (modified accrual basis of accounting)
YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning Unassigned Fund Balance:	\$ 758,624	\$ 1,667,624	\$ 1,737,117	\$ 69,493
Revenues (Inflows):				
Interest Income	5,000	5,000	21,953	16,953
State Grants	1,369,154	1,369,154	506,567	(862,587)
Federal Grants	1,385,484	1,385,484	613,653	(771,831)
Other Grants	668,202	668,202	564,923	(103,279)
Contributions and Miscellaneous	179,720	179,720	37,329	(142,391)
Amounts Available for Expenditures	<u>4,366,184</u>	<u>5,275,184</u>	<u>3,481,542</u>	<u>(1,793,642)</u>
Expenditures (Outflows):				
Current:				
Police Department	217,087	217,087	214,987	2,100
Volunteer Fire Department	258,770	258,770	140,187	118,583
Lifesaving and Rescue	477,400	494,610	340,109	154,501
Recreation and Trails	1,463,030	1,463,030	1,079,317	383,713
Streets and Sidewalks	622,942	622,942	233,270	389,672
Other	441,500	441,500	-	441,500
Storm Drain	470,000	470,000	-	470,000
Total Expenditures	<u>3,950,729</u>	<u>3,967,939</u>	<u>2,007,870</u>	<u>1,960,069</u>
Excess of Revenues over Expenditures	<u>415,455</u>	<u>1,307,245</u>	<u>1,473,672</u>	<u>166,427</u>
Other Financing Sources (Uses):				
Transfers	150,000	150,000	31,556	(118,444)
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>31,556</u>	<u>(118,444)</u>
Ending Budgetary Fund Balance	<u>\$ 565,455</u>	<u>\$ 1,457,245</u>	<u>\$ 1,505,228</u>	<u>\$ 47,983</u>

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND FIRE (modified accrual basis of accounting)
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning Unassigned Fund Balance:	\$ 126,050	\$ 238,765	\$ 478,103	\$ 239,338
Revenues (Inflows):				
Interest Income	-	-	6,585	6,585
State Revenue	46,000	46,000	63,192	17,192
Federal Revenue and Other Grants	150,270	150,270	155,020	4,750
Amounts Available for Expenditures	322,320	435,035	702,900	267,865
Expenditures (Outflows):				
Current:				
Virginia Fire Programs	50,000	50,000	-	50,000
Fire County Operating	150,270	150,270	93,129	57,141
Fire County Virginia Programs	50,000	50,000	38,544	11,456
Other Grants	8,500	8,500	8,514	(14)
Total Expenditures	258,770	258,770	140,187	118,583
Excess of Revenues over Expenditures	63,550	176,265	562,713	386,448
Other Financing Sources (Uses):				
Transfers	-	-	14	14
Total Other Financing Sources (Uses)	-	-	14	14
Ending Budgetary Fund Balance	\$ 63,550	\$ 176,265	\$ 562,727	\$ 386,462

See accompanying notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND RESCUE (modified accrual basis of accounting)
 YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning Unassigned Fund Balance:	\$ (64,667)	\$ 115,895	\$ 422,115	\$ 306,220
Revenues (Inflows):				
Interest Income	-	-	5,626	5,626
Contributions	15,000	15,000	26,471	11,471
State Revenue	20,000	37,210	19,504	(17,706)
Charges for Services	99,700	99,700	250,005	150,305
Federal Revenue and Other Grants	99,000	99,000	129,139	30,139
Amounts Available for Expenditures	<u>169,033</u>	<u>366,805</u>	<u>852,860</u>	<u>486,055</u>
Expenditures (Outflows):				
Current:				
Emergency Medical Service Grant	20,000	37,210	19,504	17,706
Rescue Donations	247,700	247,700	89,446	158,254
Rescue County Funds	99,000	99,000	117,779	(18,779)
Four For Life	11,000	11,000	12,495	(1,495)
Revenue Recovery EMS	99,700	99,700	101,609	(1,909)
Total Expenditures	<u>477,400</u>	<u>494,610</u>	<u>340,833</u>	<u>153,777</u>
Excess of Revenues over Expenditures	<u>(308,367)</u>	<u>(127,805)</u>	<u>512,027</u>	<u>639,832</u>
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ (308,367)</u>	<u>\$ (127,805)</u>	<u>\$ 512,027</u>	<u>\$ 639,832</u>

See accompanying notes to financial statements.

PROPRIETARY FUND
STATEMENT OF FUND NET POSITION
AS OF JUNE 30, 2014

Business-type
 Activities -
Enterprise Fund

Water and Sewer
Fund

Assets

Current Assets:

Accounts Receivable (Net of Allowance for Uncollectible Accounts of \$108,229)	\$ 1,174,525
Prepaid Items	175
Due from Other Funds	3,477,921
Total Current Assets	<u>4,652,621</u>

Non-Current Assets:

Water System	14,605,876
Equipment	3,608,994
Waste Water System	18,009,618
Waste Water Treatment Plant	32,381,405
Less: Allowance for Depreciation	(29,679,856)
Construction in Progress	58,772
Total Non-Current Assets	<u>38,984,809</u>

Total Assets	<u>43,637,430</u>
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Liabilities

Current Liabilities:

Accounts Payable and Accrued Liabilities	123,965
Accrued General Obligation Bond Interest	54,626
Consumer Deposits	353,668
Due to Water Authority	347,759
VA Revolving Loan Fund	766,460
Accrued Payroll and Related Liabilities	87,713
Compensated Absences	10,522
Total Current Liabilities	<u>1,744,713</u>

Long-Term Liabilities:

VA Revolving Loan Fund	4,477,566
Compensated Absences	94,695
Bonds Payable	3,720,600
Total Long-Term Liabilities	<u>8,292,861</u>

Total Liabilities	<u>10,037,574</u>
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Net Position

Net Investment in Capital Assets	30,020,184
Unrestricted Assets	<u>3,579,672</u>
Total Net Position	<u>\$ 33,599,856</u>

See accompanying notes to financial statements.

PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities - Enterprise Fund
	Water and Sewer Fund
Operating Revenues:	
Charges for Services:	
Water and Sewer Service Fees	\$ 6,513,234
Water and Wastewater Connection Fees	360,598
Penalties and Other	157,460
Total Operating Revenues	<u>7,031,292</u>
Operating Expenses:	
Salaries and Wages	1,831,465
Employee Benefits	183,657
Water Authority Purchases	1,410,462
Utilities	384,717
Repairs and Maintenance	173,824
Depreciation and Amortization	1,700,218
Materials and Supplies	604,381
General and Administrative	331,204
Total Operating Expenses	<u>6,619,928</u>
Operating Income (Loss)	411,364
Nonoperating Revenues (Expenses):	
Interest and Fiscal Charges	(197,523)
Bond Issuance Costs	(26,520)
Total Nonoperating Revenues (Expenses)	<u>(224,043)</u>
Income (Loss) before Contributions and Transfers	187,321
Capital Contributions	<u>53,489</u>
Change in Net Position	240,810
Total Net Position, beginning	<u>33,359,046</u>
Total Net Position, ending`	<u><u>\$ 33,599,856</u></u>

See accompanying notes to financial statements.

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise Fund
	Water & Sewer Fund
Cash Flows from Operating Activities	
Cash Received From:	
Customers	\$ 6,995,811
Cash Paid to/for:	
Employees	(1,989,441)
Supplies and Services	(2,842,304)
Net Cash Flows from Operating Activities	<u>2,164,066</u>
Cash Flows from Non-Capital Financing Activities	
Interfund borrowings	(2,851,346)
Net Cash Flows from Non-Capital Financing Activities	<u>(2,851,346)</u>
Cash Flows from Capital and Related Financing Activities	
Payment of Principal	(729,816)
Proceeds from Bonds Issued	3,720,600
Bond Issuance Costs	(26,520)
Interest on Debt	(204,544)
Purchase of Fixed Assets	(2,072,440)
Net Cash Flows from Capital and Related Financing Activities	<u>687,280</u>
Cash Flows from Investing Activities	
None	-
Net Cash Flows from Investing Activities	<u>-</u>
Net Change in Cash and Cash Equivalents	-
Cash and Cash Equivalents, beginning	-
Cash and Cash Equivalents, ending	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by Operating Activities:	
Operating Income (Loss)	\$ 411,364
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and Amortization	1,700,218
Change in Current Assets and Current Liabilities	
(Increase) Decrease in Current Assets:	
Accounts Receivable	(50,191)
Prepaid Items	17,484
Increase (Decrease) in Current Liabilities:	
Accounts Payable and Accrued Liabilities	123,966
Due to Water Authority	(79,166)
Consumer Deposits	14,710
Accrued Payroll and Related Liabilities	25,681
Net Cash Flows from Operating Activities	<u>\$ 2,164,066</u>
Noncash Investing, Capital, and Financing Activities:	
Contributed Capital - Grants in Aid of Construction	\$ 53,489

See accompanying notes to financial statements.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

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

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

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

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

The following entities are excluded from the accompanying financial statements:

Jointly Governed Organizations:

NRV Regional Water Authority

The NRV Regional Water Authority was created by a concurrent resolution of the Town and other participating governing bodies. The Authority operates and maintains a water supply system for the Town, Virginia Tech, Montgomery County PSA, and the Town of Blacksburg. Each governing body appoints one member of the five-member Board of Directors, one from each member jurisdiction and one at-large member. All indebtedness is payable solely from the revenues of the water system. Although the Town is one of the Authority's customers, the Town has no obligation for any of its indebtedness. During fiscal year 2014, the Town paid \$1,410,462 to the water authority and has a fiscal year end liability of \$347,759 for purchases of water.

Montgomery Regional Solid Waste Authority

The Town is a member of the Montgomery Regional Solid Waste Authority (MRSWA), which was created by a joint resolution on December 14, 1994 by the Town of Blacksburg, Virginia, the Town of Christiansburg, Virginia, Montgomery County, Virginia, and Virginia Tech. The Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Authority, which began operation in August 1995, operates a sanitary landfill and recycling facility. Each jurisdiction provides collection of solid waste and recyclables from within its jurisdiction and delivers the collected materials to the Authority for disposal of waste in the landfill, and processing and marketing of the recyclables. All Authority operations are financed by tipping fees and the individual jurisdictions are not liable for the debt of the Authority. The MRSWA has negotiated with an adjacent Authority (New River Resource Authority) for shared use of a permitted landfill. The Town paid \$446,274 tipping fees during fiscal year 2014.

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 2014, the Town paid \$50,000 toward the operations of the airport.

Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization

The Town is a member of the Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization. The Metropolitan Planning Organization (MPO) is a transportation policy-making organization serving the Blacksburg, Christiansburg, and Montgomery areas. The MPO provides the information, tools, and public input necessary to improve the performance of the transportation system of the region. Future transportation needs are addressed, giving consideration to all possible strategies and the community's vision. The Town has three members within this organization, two of which are voting members. During fiscal year 2014, the Town paid \$5,576 toward operations of the MPO.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

I. Summary of Significant Accounting Policies (continued)

A. The Financial Reporting Entity (continued)

Montgomery Regional Tourism Board

The Town is a member of the Montgomery Regional Tourism Board ("MRTB"). The MRTB functions as a joint tourism agency that serves the County of Montgomery and the Towns of Blacksburg and Christiansburg to promote tourism in the region. The Town has one member on the Board of this organization. Funding for tourism expenditures are based on the amount of funding received from hotel occupancy taxes. The Town pays 1% of the 9% transient lodging tax rate collections for the fiscal year to the MRTB, less 15% of this amount for the Town's own tourism efforts. During fiscal year 2014, the Town paid \$225,722 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 2014, the Town paid \$156,525 toward operations of the Communications Authority.

B. Financial Statement Presentation

In February 2009, Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. Fund balance is displayed in accordance with GASB No. 54 using the following classifications:

- 1) *Nonspendable fund balance* - Inventories, prepaid items, accounts receivable and other current assets that are consumed in the course of operations that cannot be converted to cash or are not expected to be available to pay current liabilities. This classification includes funds set aside for perpetual care of the cemetery.
- 2) *Restricted fund balance* - The resources of a governmental fund that are subject to constraints imposed by external parties or law. These restrictions include such things as debt covenants or constraints imposed by legislation or federal and state agencies on the use of intergovernmental revenue, such as grants and contracts.
- 3) *Committed fund balance* - Represents amounts constrained to specific purposes by the Town, using its highest level of decision making authority (Town Council); to be reported as committed, amounts cannot be used for any other purposes unless the same highest level (Town Council) of action is taken to remove or change the constraint. As of June 30, 2014 no fund balances have been "Committed".
- 4) *Assigned fund balance* - Represents the net resources of governmental funds that the government intends for a specific purpose. Assigned resources do not require formal action of the governing body. The permanent fund's net resources over amounts required for the perpetual care fund would be an example of assigned fund balance. The Town Manager, in consultation with the Director of Finance and Town Council, shall determine funds to be classified as assigned.
- 5) *Unassigned fund balance* - Represents funds available for any purpose and represents expendable financial resources that can be used to meet contingencies and cash flow requirements.

Council establishes fund balance commitments by passage of a resolution. A reserving resolution would need to be passed to undo a commitment of fund balance. Assigned fund balances are determined as part of the budgetary process each year when funds are deemed "earmarked" for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purpose). New assignments and use of funds assigned are made as part of the budget adoption process.

Expenditures shall be charged first to restricted fund balance, second to committed fund balance, third to assigned fund balance and finally to unassigned fund balance as appropriate for the expenditure and to the fund being expended.

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

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

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

1. Summary of Significant Accounting Policies (continued)

B. Financial Statement Presentation (continued)

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

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

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

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

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

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

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

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

Governmental Funds - accounts for expendable financial resources, other than proprietary fund types. Governmental fund types use the flow of current financial resources measurement focus. The major governmental funds consist of:

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

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

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

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989 that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

Permanent Fund - Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery fund - This fund is used to account for the operations of the cemetery and the perpetual care funds and related interest income. The earnings can be used to maintain the community cemetery. On April 1, 2008 the Town took over control of the cemetery from the Cemetery Corporation. The Town funds a portion of the operational costs of the cemetery each year. For the year ended June 30, 2014 the operational and capital support totaled \$123,761.

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

I. Summary of Significant Accounting Policies (continued)

B. Financial Statement Presentation (continued)

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

- C. The Town implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities* for fiscal year 2014. GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. The Town historically has recognized bond issuance costs as other assets and amortized these costs over the life of the associated debt; however, due to the implementation of GASB No. 65, the Town restated prior periods presented to show the write-off of the total unamortized bond issuance costs of \$126,225 at June 30, 2013. See Note (2) for the effects of this implementation on the Town's financial statements.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. General fund tax revenues are considered measurable when they have been levied. To be considered available, and thus susceptible to accrual, the taxes must be collected within the Town's period of availability of 45 days from the end of the current fiscal period. Uncollected taxes at the end of this period are reported as deferred revenues. Interest income and intergovernmental receivables are considered susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due.

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

E. Cash and Cash Equivalents

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

F. Investments

Investments are stated at fair value.

G. Allowance for Uncollectible Taxes and Accounts Receivable

The Town calculates its allowance for uncollectible receivables based on historical collection data. At June 30, 2014, the allowances for uncollectible taxes and accounts receivable were \$130,325 for the General Fund and \$108,229 for the Enterprise Fund.

H. Property Taxes

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

The annual assessment for real estate is based on 100% of the assessed fair market value. The tax rates are established annually, without limitation. The tax rate for real estate was \$.13 per \$100 of assessed value for the year. The personal property tax rate was \$.45 per \$100 of assessed value for the year. In 1998, the Commonwealth enacted the Personal Property Tax Relief Act. The Commonwealth share of the tax was 40.08% for fiscal year 2014. Business furniture, fixtures, and machinery and tools taxes are assessed at a rate of \$.45 per \$100 of assessed valuation.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

I. Summary of Significant Accounting Policies (continued)

I. 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 outflow of resources (expense) until then. In addition to liabilities, the statements 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 will not be recognized as an inflow of resources (revenue) until that time.

J. Capital Assets

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

The estimated useful lives for capital assets are as follows:

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

In accordance with GASB Statement No. 34, the Town's infrastructure has been capitalized, retroactively, upon adoption of the standard.

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

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

K. Estimates

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

L. Long-term Obligations

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

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

M. Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data reflected in the Budget and Actual Comparison Statements (Exhibits G, H, and I):

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

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

1. Summary of Significant Accounting Policies (continued)

M. Budgets and Budgetary Accounting (continued)

- e. 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.
- f. The budget basis is adopted in accordance with the modified accrual basis of accounting.

N. 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 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.

O. Original Issue Discount/Premium

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

2. Restatement of Beginning Net Position

For the fiscal year 2014, the Town made a prior period adjustment due to the adoption of GASB Statement No. 65, as described in note IC above, which requires the restatement of the June 30, 2013, net position in Governmental Activities. The result is a decrease in net position at July 1, 2013 of \$126,225. This change is in accordance with generally accepted accounting principles.

Net Position, June 30, 2013, as previously reported	\$ 114,925,804
Reclassification of Bond Issuance Costs	(126,225)
Net Position, July 1, 2013, as restated	<u>\$ 114,799,579</u>

3. Compensated Absences

The Town's liability at June 30, 2014 for these compensated absences was:

	Current Portion	Long-Term Portion	Total
General Fund	\$ 69,524	\$ 625,713	\$ 695,237

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. The Town has estimated that 10% of the compensated absences balance can be liquidated with expendable available resources, and are considered a current liability. Both current and non-current portions of compensated absences, totaling \$695,237, are recorded for governmental activities in the government-wide statements and represent a reconciling item between the government-wide and fund presentations.

Compensated absences earned by employees and charged to the proprietary fund are expensed and accrued as a liability when incurred. At June 30, 2014, the liabilities for compensated absences of the enterprise fund were \$105,217.

4. Deposits and Investments

Deposits

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

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

4. Deposits and Investments (continued)

Investments

Investment Policy:

In accordance with the Code of Virginia and other applicable laws, including regulations, the Town's Investment Policy (Policy) permits investments in Treasury Securities, agency securities, prime quality commercial paper, certificates of deposit maturing within one year and issued by domestic banks, banker's acceptances, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements, open-end investments, the Virginia State Non-Arbitrage Program (SNAP) or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7-like pool). Pursuant to Sec. 2.1-234.7 of the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in LGIP and SNAP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share). To the extent possible, the Policy will match investment with anticipated cash flow requirements. Unless matched to a specific cash flow, the Policy will not allow the Town to directly invest in securities maturing more than five years from the date of purchase or in accordance with state and local statutes and ordinances.

Credit Risk:

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

Concentration of Credit Risk:

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

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

<u>Investment Type</u>	<u>Fair Value</u>
Virginia Investment Pool	\$ 250,435
Certificates of Deposit	2,554,819
Total Investments	<u>\$ 2,805,254</u>

The above items are shown in the statements as follows:

	<u>Fair Value</u>
Investments	\$ 2,805,254
Deposits	20,227,157
Total Deposits and Investments	<u>\$ 23,032,411</u>

Reconciliation of deposits and investments to Exhibit A:

Cash and Cash Equivalents	\$ 18,388,043
Cash and Cash Equivalents, restricted	1,839,114
Investments	2,571,909
Investments, restricted	233,345
Total Deposits and Investments	<u>\$ 23,032,411</u>

TOWN OF CHRISTIANBURG

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

5. Receivables

Receivables as of June 30, 2014 consisted of the following:

Governmental Activities:

	General	Special Revenue	Totals
Receivables			
Taxes	\$ 2,767,001	\$ -	\$ 2,767,001
Due from Government	-	655,271	655,271
Accounts	1,250,624	-	1,250,624
Gross Receivables	4,017,625	655,271	4,672,896
Less: Allowance for Doubtful Accounts	(130,325)	-	(130,325)
Receivables, net	\$ 3,887,300	\$ 655,271	\$ 4,542,571

Business-type Activities:

Receivables	Water & Sewer
Accounts	\$ 1,282,753
Less: Allowance for Doubtful Accounts	(108,229)
Receivables, net	\$ 1,174,525

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

6. Interfund Receivables, Payables and Transfers

Interfund transfers consist of the following at June 30, 2014:

	Transfers in:		
	Water & Sewer Fund	Special Revenue Fund	Permanent (Cemetery) Fund
<u>Transfer out:</u>			
General Fund	\$ -	\$ 31,556	\$ 123,761

Amounts due from/to other funds consist of the following at June 30, 2014:

	Due from:		
	Water & Sewer Fund	Special Revenue Fund	General Fund
<u>Due to:</u>			
General Fund	\$ -	\$ 714,554	\$ -
Cemetery Fund	-	-	57,433
Enterprise Fund	-	-	3,477,921
	\$ -	\$ 714,554	\$ 3,535,354

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

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

7. Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2014 are as follows:

	Governmental Activities
Federal grants - direct	\$ 40,581
Montgomery County	374,573
Commonwealth of Virginia grants (includes federal pass-through awards)	240,117
Other:	
Sales tax	295,908
	\$ 951,179

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

8. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

<u>Governmental Activities</u>	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<u>Capital Assets, not depreciated:</u>				
Land	\$ 5,367,469	\$ 1,243,100	\$ -	\$ 6,610,569
Construction in Progress	429,814	1,401,132	-	1,830,946
Total Capital Assets, not depreciated	5,797,283	2,644,232	-	8,441,515
<u>Capital Assets, depreciated:</u>				
Buildings and Structures	29,040,321	492,283	-	29,532,605
Accumulated Depreciation	(3,655,247)	(616,445)	-	(4,271,692)
Net Buildings and Structures	25,385,074	(124,162)	-	25,260,913
Infrastructure	3,613,065	280,029	-	3,893,094
Accumulated Depreciation	(2,135,483)	(88,822)	-	(2,224,305)
Net Infrastructure	1,477,582	191,207	-	1,668,789
Machinery and Equipment	13,679,548	997,246	(364,594)	14,312,200
Accumulated Depreciation	(10,676,420)	(570,804)	364,594	(10,882,630)
Net Machinery and Equipment	3,003,128	426,442	-	3,429,570
Land Improvements	2,257,917	11,000	-	2,268,917
Accumulated Depreciation	(695,613)	(150,894)	-	(846,507)
Net Land Improvements	1,562,304	(139,894)	-	1,422,410
Vehicles	4,007,724	833,882	(219,583)	4,622,023
Accumulated Depreciation	(2,740,759)	(289,554)	219,583	(2,810,730)
Net Vehicles	1,266,965	544,328	-	1,811,293
Streets and Highways	77,348,834	1,742,315	-	79,091,149
Accumulated Depreciation	(7,685,900)	(3,954,557)	-	(11,640,458)
Net Streets and Highways	69,662,934	(2,212,242)	-	67,450,691
Total Capital Assets, depreciated	129,947,409	4,356,755	(584,177)	133,719,987
Less: Accumulated Depreciation	(27,589,422)	(5,671,076)	584,177	(32,676,321)
Net Total Capital Assets, depreciated	102,357,987	(1,314,321)	-	101,043,666
Governmental Activities, Capital Assets, Net	\$ 108,155,270	\$ 1,329,911	\$ -	\$ 109,485,181
<u>Business-type Activities</u>				
<u>Capital Assets, not depreciated:</u>				
Land	\$ 12,500	\$ -	\$ -	\$ 12,500
Construction in Progress	-	58,772	-	58,772
Total Capital Assets, not depreciated	12,500	58,772	-	71,272
<u>Capital Assets, depreciated:</u>				
Water System	12,987,730	1,618,146	-	14,605,876
Accumulated Depreciation	(4,722,904)	(357,654)	-	(5,080,558)
Net Water System	8,264,826	1,260,492	-	9,525,318
Water and Waste Water Equipment	3,532,002	76,992	-	3,608,994
Accumulated Depreciation	(2,845,698)	(126,589)	-	(2,972,287)
Net Water and Waste Water Equipment	686,304	(49,597)	-	636,707
Waste Water System	17,825,865	183,754	-	18,009,619
Accumulated Depreciation	(6,640,691)	(443,323)	-	(7,084,014)
Net Waste Water System	11,185,174	(259,569)	-	10,925,605
Waste Water Treatment Plant	32,180,638	188,266	-	32,368,904
Accumulated Depreciation	(13,770,343)	(772,652)	-	(14,542,995)
Net Waste Water Treatment Plant	18,410,295	(584,386)	-	17,825,909
Total Capital Assets, depreciated	66,526,235	2,067,158	-	68,593,393
Less: Accumulated Depreciation	(27,979,637)	(1,700,218)	-	(29,679,855)
Net Total Capital Assets, depreciated	38,546,599	366,940	-	38,913,538
Business-type Activities, Capital Assets, Net	\$ 38,559,099	\$ 425,712	\$ -	\$ 38,984,810

TOWN OF CHRISTIANSBURG**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014****8. Capital Assets (continued)**

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

Governmental activities:

General Government Administration	\$	110,838
Public Safety		477,407
Public Works		4,320,144
Parks, Recreation, and Culture		750,992
Community Development		11,696
	<u>\$</u>	<u>5,671,076</u>

Business-type activities:

Water and Sewer	<u>\$</u>	<u>1,700,218</u>
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The Town disposed of obsolete equipment during the year ending June 30, 2014. The obsolete equipment had a book value of \$0 at disposal date and is reflected on the Statement of Net Position.

During the fiscal year parcels of land were donated by Shah Development (3.162 acres) and Rodger Woody (7.82 acres). The land will allow access to connect different portions of the future development of the Huckleberry Trail project.

Construction Commitments:

The Town has active construction projects as of June 30, 2014. At year end, the government's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Treasurer's office renovations	\$ 57,517	\$ 27,942
Independence culvert and stream restoration	275,089	173,299
	<u>\$ 332,606</u>	<u>\$ 201,241</u>

9. Long-Term Liabilities

General obligation notes are direct obligations and pledge the full faith and credit of the Town. The charter of the Town of Christiansburg limits the legal debt to 10% of the assessed valuation of real estate within the Town limits. The Town's legal debt margin at June 30, 2014 is \$181,744,286 (see Schedule 13 of Statistical Section).

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Debt:					
2007 Revenue Bond	\$ 1,635,000	\$ -	\$ 75,000	\$ 1,560,000	\$ 80,000
2004B Revenue Bond	9,340,000	-	9,065,000	275,000	275,000
1995 General Obligation Note	535,000	-	260,000	275,000	275,000
2013 General Obligation Refunding Bond	-	9,394,900	-	9,394,900	110,000
2013 General Obligation Improvement Bond	-	605,000	-	605,000	27,100
2014 General Obligation Bond (22%)	-	1,049,400	-	1,049,400	-
Total General Obligation Debt	<u>11,510,000</u>	<u>11,049,300</u>	<u>9,400,000</u>	<u>13,159,300</u>	<u>767,100</u>
Compensated Absences Payable from the Governmental Funds	695,712	527,458	527,933	695,237	69,523
Landfill Closure & Postclosure Care Cost	124,814	-	10,253	114,561	36,660
Bond Premiums	56,685	-	4,049	52,636	-
Merit/sick pay (OPEB) payable	349,996	210,064	46,630	513,430	-
Total Governmental Activities, long-term debt:	<u>\$ 12,737,207</u>	<u>\$ 11,786,822</u>	<u>\$ 9,988,865</u>	<u>\$ 14,535,164</u>	<u>\$ 873,283</u>

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

9. Long-Term Liabilities (continued)

Business-type Activities	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
2001 VA Revolving Loan Fund	\$ 5,036,155	\$ -	\$ 555,772	\$ 4,480,383	\$ 575,394
1998 VA Revolving Loan Fund	937,687	-	174,045	763,642	180,544
2014 General Obligation Bond (78%)	-	3,720,600	-	3,720,600	-
Total	5,973,842	3,720,600	729,816	8,964,626	755,938
Compensated Absences Payable from the Water and Sewer Fund	105,217	85,874	85,874	105,217	10,522
Total Business-Type Activities, long-term debt:	\$ 6,079,059	\$ 3,806,474	\$ 815,690	\$ 9,069,843	\$ 766,460

Long-term Liabilities of the Town at June 30, 2014 are comprised of the following issues:

\$11,185,000 revenue bond issued December 15, 2004, maturing annually with principal and interest payable semi-annually through August 1, 2034; interest rate varies, currently at 4.00%. During the year ending June 30, 2014, \$8,800,000 of this debt was legally defeased with the advanced refunding of the 2013 General Obligation Bond.

\$ 275,000

\$1,970,000 revenue bond issued July 30, 2007, maturing annually with principal and interest payable semi-annually through August 1, 2027; interest rate varies, currently at 4.50%.

1,560,000

\$3,500,000 public improvement bonds issued December 1, 1995, maturing annually with interest payable semi-annually through February 1, 2015; interest rate varies, currently at 5.00%.

275,000

\$9,394,900 general obligation refunding bond issued July 23, 2013, maturing annually with principal and interest payable semi-annually through August 1, 2034; interest rate is fixed at 1.62%

9,394,900

\$605,000 general obligation improvement 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%

605,000

\$4,770,000 general obligation bond issued June 26, 2014, maturing annually with principal and interest payable semi-annually through August 1, 2029; interest rate is fixed at 2.65%

4,770,000

\$2,800,000 (1998) VA Revolving Loan Fund. The Loan was refinanced on June 1, 2006 at 3.70%, with semi-annual payments of principal and interest in the amount of \$103,572 on June 1 and December 1. Final payment is due June 1, 2018.

763,642

\$10,311,000 (2001) VA Revolving Loan Fund. The Loan will be financed over 20 years at 3.50% with semi-annual payments of principal and interest in the amount of \$367,010 on September 1 and March 1. Final payment is due March 1, 2021.

4,480,383

Total General Obligations and VA Revolving Loans	22,123,926
Compensated Absences Payable	800,454
Landfill Closure and Postclosure Care Cost Payable	114,561
Bond Premiums	52,636
Service Merit (OPEB) payable	513,430
Total Primary Government, long-term liabilities	\$23,605,007

TOWN OF CHRISTIANSBURG

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

9. Long-Term Liabilities (continued)

The annual requirements to amortize governmental activities debt outstanding as of June 30, 2014 are as follows:

Fiscal Year	2007 Revenue Bond		2004 Revenue Bond		1995 General Obligation		2013 General Obligation Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	80,000	76,000	275,000	5,500	275,000	13,750	110,000	151,308
2016	85,000	71,875	-	-	-	-	395,000	147,218
2017	90,000	67,500	-	-	-	-	400,000	140,778
2018	90,000	63,000	-	-	-	-	410,000	134,217
2019	95,000	57,375	-	-	-	-	415,000	127,535
2020	100,000	53,500	-	-	-	-	420,000	120,771
2021	105,000	48,375	-	-	-	-	425,000	113,927
2022	110,000	43,000	-	-	-	-	430,000	107,001
2023-27	655,000	122,375	-	-	-	-	2,280,000	426,466
2028-32	150,000	3,750	-	-	-	-	2,500,000	232,957
2033-35	-	-	-	-	-	-	1,609,900	39,363
Total	\$ 1,560,000	\$ 606,750	\$ 275,000	\$ 5,500	\$ 275,000	\$ 13,750	\$ 9,394,900	\$ 1,741,541

Fiscal Year	2013 General Obligation Improvement		2014 General Obligation (22%)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	27,100	9,580	-	16,608	767,100	272,746
2016	22,800	9,176	57,640	27,045	560,440	255,314
2017	23,400	8,801	59,180	25,498	572,580	242,577
2018	23,900	8,418	60,940	23,906	584,840	229,541
2019	24,500	8,026	62,480	22,271	596,980	215,207
2020	25,100	7,625	64,240	20,592	609,340	202,488
2021	25,700	7,213	66,000	18,866	621,700	188,381
2022	26,300	6,792	67,760	17,094	634,060	173,887
2023-27	141,600	27,269	366,520	57,210	3,443,120	633,320
2028-32	159,400	15,091	244,640	9,839	3,054,040	261,637
2033-35	105,200	2,581	-	-	1,715,100	41,944
Total	\$ 605,000	\$ 110,572	\$ 1,049,400	\$ 238,929	\$ 13,159,300	\$ 2,717,042

The following general obligation debt and VA revolving loans are issued to support business-type activities. The annual requirements to amortize business-type activities debt outstanding as of June 30, 2014 are as follows:

Fiscal Year	2001 VA Revolving Loan		1998 VA Revolving Loan		2014 General Obligation (78%)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	575,394	151,823	180,544	26,600	-	58,884	755,938	237,307
2016	595,709	131,507	187,286	19,858	204,360	95,888	987,355	247,253
2017	616,742	110,475	194,279	12,865	209,820	90,400	1,020,841	213,740
2018	638,516	88,700	201,533	5,610	216,060	84,757	1,056,109	179,067
2019	661,060	66,156	-	-	221,520	78,959	882,580	145,115
2020	684,399	42,817	-	-	227,760	73,006	912,159	115,823
2021	708,563	18,654	-	-	234,000	66,888	942,564	85,542
2022	-	-	-	-	240,240	60,604	240,240	60,604
2023-27	-	-	-	-	1,299,480	202,835	1,299,480	202,835
2028-30	-	-	-	-	867,360	34,892	867,360	34,892
Total	\$ 4,480,383	\$ 610,132	\$ 763,642	\$ 64,933	\$ 3,720,600	\$ 847,113	\$ 8,964,626	\$ 1,522,178

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

	Water & Sewer Fund	General Fund	Total
Bonds:			
1995 Public Improvement Bonds	\$ -	\$ 275,000	\$ 275,000
2004B Revenue	-	275,000	275,000
2007 Revenue	-	1,560,000	1,560,000
2014 General Obligation Bonds	3,720,600	1,049,400	4,770,000
2013 General Obligation Refunding Bond	-	9,394,900	9,394,900
2013 General Obligation Improvement Bond	-	605,000	605,000
Loans:			
2001 VA Revolving Loan	4,480,383	-	4,480,383
1998 VA Revolving Loan	763,642	-	763,642
Landfill Closure and Postclosure Care Costs	-	114,561	114,561
Compensated Absences	105,217	695,237	800,454
Bond Premiums	-	52,636	52,636
Service Merit (OPEB) payable	-	513,430	513,430
Total	\$ 9,069,843	\$ 14,535,164	\$ 23,605,007

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

9. Long-Term Liabilities (continued)

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

10. Fund Balances

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

	General Fund	Special Revenue Fund	Cemetery Fund	Totals
Nonspendable:				
Perpetual Care	\$ -	\$ -	\$ 484,446	\$ 484,446
Prepaid items	26,974	-	-	26,974
Restricted for:				
Law Enforcement	-	64,888	-	64,888
Fire Department	-	562,726	-	562,726
Lifesaving-Rescue Squad	-	512,752	-	512,752
Parks and Recreation - Knowles Estate	-	364,862	-	364,862
Committed	-	-	-	-
Assigned:				
Fire and Lifesaving	2,222,121	-	-	2,222,121
Public Works	765,690	-	-	765,690
General Administration	189,943	-	-	189,943
Parks and Recreation	304,334	-	-	304,334
Unassigned	14,606,954	-	1,574	14,608,528
Total fund balances at June 30, 2014	\$ 18,116,016	\$ 1,505,228	\$ 486,020	\$ 20,107,264

11. Pension Plan

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-sharing Multiple-Employer Pension Plan
Administering Agent:	Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2 and Hybrid. Each plan has different eligibility and benefit structures as set out in the table below:

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
About VRS Plan 1	About VRS Plan 2	About the Hybrid Retirement Plan
<p>VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>		
<p>VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>		
<p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a final defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")</p> <ul style="list-style-type: none"> The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. 		

TOWN OF CHRISTIANSBURG

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

11. Pension Plan (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
		<p>About the Hybrid Retirement Plan</p> <ul style="list-style-type: none"> • 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. • 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.
VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Eligible Members</u>	<u>Eligible Members</u>	<u>Eligible Members</u>
<p>Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.</p>	<p>Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • State employees* • School division employees • Political subdivision employees* • Judges appointed or elected to an original term on or after January 1, 2014 • Members in VRS Plan 1 or VRS 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>Hybrid Opt-In Election VRS 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 VRS Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.</p>	<p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • State employees* • School division employees • Political subdivision employees* • Judges appointed or elected to an original term on or after January 1, 2014 • Members in VRS Plan 1 or VRS 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"> • Members of the State Police Officers' Retirement System (SPORS) • Members of the Virginia Law Officers' Retirement System (VaLORS) • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.</p>

TOWN OF CHRISTIANSBURG

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

11. Pension Plan (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Retirement Contributions</u>	<u>Retirement Contributions</u>	<u>Retirement Contributions</u>
Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Same as VRS Plan 1.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Creditable Service</u>	<u>Creditable Service</u>	<u>Creditable Service</u>
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.	Same as VRS Plan 1.	<p>Defined Benefit Component: 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.</p> <p>Defined Contributions Component: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Vesting</u>	<u>Vesting</u>	<u>Vesting</u>
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.	Same as VRS Plan 1.	<p>Defined Benefit Component: 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. VRS Plan 1 or VRS 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>

TOWN OF CHRISTIANSBURG

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

11. Pension Plan (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Vesting</u>	<u>Vesting</u>	<u>Vesting</u>
Members are always 100% vested in the contributions that they make.		<p>Defined Contributions Component: 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> <p>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>

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Calculating the Benefit</u>	<u>Calculating the Benefit</u>	<u>Calculating the Benefit</u>
<p>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>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>	See definition under VRS Plan 1.	<p>Defined Benefit Component: See definition under VRS Plan 1</p> <p>Defined Contribution Component: 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>

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Average Final Compensation</u>	<u>Average Final Compensation</u>	<u>Average Final Compensation</u>
A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.	

TOWN OF CHRISTIANSBURG

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

11. Pension Plan (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Service Retirement Multiplier</u>	<u>Service Retirement Multiplier</u>	<u>Service Retirement Multiplier</u>
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members purchased or granted on or after January 1, 2013, is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.	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.	The retirement multiplier is 1.0% . For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Normal Retirement Age</u>	<u>Normal Retirement Age</u>	<u>Normal Retirement Age</u>
Age 65.	Normal Social Security retirement age.	Defined Benefit Component: Same as VRS Plan 2. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Earliest Unreduced Retirement Eligibility</u>	<u>Earliest Unreduced Retirement Eligibility</u>	<u>Earliest Unreduced Retirement Eligibility</u>
Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Defined Benefit Component: Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Earliest Reduced Retirement Eligibility</u>	<u>Earliest Reduced Retirement Eligibility</u>	<u>Earliest Reduced Retirement Eligibility</u>
Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.	Defined Benefit Component: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

TOWN OF CHRISTIANSBURG

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

11. Pension Plan (continued)

<u>VRS PLAN 1</u>	<u>VRS PLAN 2</u>	<u>HYBRID RETIREMENT PLAN</u>
<u>Cost-of-living Adjustment (COLA) in Retirement</u>	<u>Cost-of-living Adjustment (COLA) in Retirement</u>	<u>Cost-of-living Adjustment (COLA) in Retirement</u>
<p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility: 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>Exceptions to COLA Effective Dates: 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>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>Eligibility: Same as VRS Plan 1.</p> <p>Exceptions to COLA Effective Dates: Same as VRS Plan 1.</p>	<p>Defined Benefit Component: Same as VRS Plan 2.</p> <p>Defined Contribution Component: Not applicable.</p> <p>Eligibility: Same as VRS Plan 1 and VRS Plan 2.</p> <p>Exceptions to COLA Effective Dates: Same as VRS Plan 1 and VRS Plan 2.</p>

TOWN OF CHRISTIANBURG

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

11. Pension Plan (continued)

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Disability Coverage</u>	<u>Disability Coverage</u>	<u>Disability Coverage</u>
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.	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.	Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.
Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.	Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.	State employees (including VRS Plan 1 and VRS Plan2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.
VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
<u>Purchase of Prior Service</u>	<u>Purchase of Prior Service</u>	<u>Purchase of Prior Service</u>
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Same as VRS Plan 1.	Defined Benefit Component: Same as VRS Plan 1. Defined Contribution Component: Not applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS web site at <http://www.varetire.org/Pdf/Publications2013-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be 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% member contribution. This could be phased in over a period 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. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2014 was 18.60% of annual covered payroll.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

11. Pension Plan (continued)

C. Annual Pension Cost

For fiscal year 2014, the Town's annual pension cost of \$1,867,635 was equal to their required and actual contributions.

Fiscal Year Ending	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 1,501,056	100.00%	\$ -
June 30, 2013	\$ 1,865,433	100.00%	\$ -
June 30, 2014	\$ 1,867,635	100.00%	\$ -

The fiscal year 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00% , (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50% . The actuarial value of the Town of Christiansburg's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 63.62% funded. The actuarial accrued liability for benefits was \$38,242,789, and the actuarial value of assets was \$24,331,863, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,910,926. The covered payroll (annual payroll of active employees covered by the plan) was \$10,447,884, and ratio of the UAAL to the covered payroll was 133.15%. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

12. Sick Leave Divestiture Plan (Defined Benefit Pension Plan)

A. Plan Description

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

In addition to the VRS pension benefits described in Note (11) above the Town provides an additional pension benefit related to the amount of sick leave the employees accrue, but does not use, during their employment.

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

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

B. Funding Policy

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

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

12. Sick Leave Divestiture Plan (Defined Benefit Pension Plan)(continued)

C. Annual Pension Cost

For fiscal year 2014, the Town's annual OPEB cost for this plan was \$179,095, which was \$55,219 less than their actual contributions of \$126,876.

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

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

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

D. Funded Status and Funding Progress

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

The Analysis of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements on page (53), presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. Actuarial Methods and Assumptions

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

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

13. Postemployment Benefits other than Pension Benefits

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

A. Plan Description

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

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

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

13. Postemployment Benefits other than Pension Benefits (continued)

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

The following table shows the components of the Town's Retirement Merit Service Plan cost for the year, the amounts contributed to the plan, and changes in the Town's net related OPEB obligation for the 2014 fiscal year.

Annual required contributions	\$ 159,524
Interest on net OPEB obligation	16,043
Adjustment to annual required contribution	(16,374)
Annual OPEB cost	159,193
Contributions made	(46,830)
Increase in net OPEB obligation	112,363
Net OPEB obligation-beginning of year	401,067
Net OPEB obligation-end of year	\$ 513,430

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

C. Funded Status and Funding Progress

As of June 30, 2014, the plan remains unfunded. The total unfunded accrued liability at June 30, 2014 is \$1,471,417 based on the June 30, 2014 valuation. The Town's plan is a pay-as-you go system. The annual required contribution per the actuarial valuation is \$159,193. During the fiscal year, the Town paid out benefits of \$46,830, which were less than the Annual Required Contribution resulting in an increase of the Net OPEB obligation by \$112,363. The Net OPEB obligation at June 30, 2014 was \$513,430. The Town currently intends to continue to fund these benefits annually as they become due on a pay-as-you-go system.

The Analysis of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements on page (54), presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

D. Actuarial Methods and Assumptions

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

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

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

14. Risk Management

The Town is exposed to various risks of loss related to the following: torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town risk management programs are as follows:

Workers' Compensation - Workers' compensation insurance is provided through the Virginia Municipal Self Insurance Association. During 2013-2014, total premiums paid were \$506,454. 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 2013-2014 were \$419,567.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

14. Risk Management (continued)

Healthcare - The Town provides health insurance coverage for employees through commercial insurance policies. Employees' spouses and dependents may also be covered provided they pay for part of the premium cost. During the year, the Town paid \$1,341,226 in healthcare premiums.

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

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

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

During the fiscal year ended June 30, 2014 the Town received direct funding from the federal and state government as follows:

Law Enforcement funds	\$ 416,572
Street Maintenance funds	3,138,350
Sales Taxes	1,768,371
Non-Categorical State Aid	1,306,651
Federal and State grants	1,120,220
	<u>\$ 7,750,164</u>

15. Contributed Capital

The contributed capital account of the Enterprise Fund increased from \$19,376,028 to \$19,429,517 in 2013-2014 due to contributed capital grants in aid of construction of \$53,489.

The contributed capital account of the General Fund on the Statement of Activities for GASB Statement No. 34 purposes includes the roads given to the Town by developers for the Town to maintain. The total value of streets given to the town by developers was \$887,040 during the year ended June 30, 2014.

16. Landfill Closure and Postclosure Care Costs

In fiscal year 1998, the Town adopted GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. State and federal laws and regulations require the Town to place a final cover on its landfill site, as well as other sites opened in the future when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, GASB No. 18 requires the Town record a portion of these closure and postclosure care costs as a long-term liability in each period based on landfill capacity used as of each balance sheet date. The \$114,561 liability for landfill closure and postclosure care costs at June 30, 2014 represents the estimated liability based on the usage of 100% of the estimated capacity of the landfill. The Town will recognize the remaining estimated costs of closure and postclosure care as costs are incurred.

The liability accrued at June 30, 2014 is based on what it would cost to perform all closure and postclosure care in 2014. Actual costs may differ from this estimate due to inflation, changes in technology or changes in regulation.

17. Contingency

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

18. New Accounting Standards

GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans*, replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This statement will be effective for the year ending June 30, 2015.

TOWN OF CHRISTIANBURG

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

18. New Accounting Standards (continued)

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, was issued to provide governmental guidance on governmental combinations and disposals of governmental operations that does not conflict with GASB Statement No. 34. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. A disposal of a government's operations results in the removal of specific activities of a government. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. This Statement will be effective for year ending June 30, 2015.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* was issued to address an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This Statement will be effective for the year ending June 30, 2015.

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

19. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 17, 2014, the date the financial statements were available to be issued. Management is not aware of any subsequent events that occurred or other matters that should be disclosed.

TOWN OF CHRISTIANSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS FOR DEFINED BENEFIT PENSION PLAN

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2013	\$ 24,331,863	\$ 38,242,789	\$ 13,910,926	63.62%	\$ 10,447,884	133.15%
June 30, 2012	\$ 22,983,831	\$ 35,488,525	\$ 12,504,694	64.76%	\$ 9,851,855	126.93%
June 30, 2011	\$ 22,753,823	\$ 33,888,813	\$ 11,134,990	67.14%	\$ 9,513,961	117.04%
June 30, 2010	\$ 22,061,054	\$ 31,621,423	\$ 9,560,369	69.77%	\$ 8,842,588	108.12%
June 30, 2009	\$ 21,641,007	\$ 27,926,827	\$ 6,285,820	77.49%	\$ 8,357,697	75.21%
June 30, 2008	\$ 20,809,351	\$ 25,838,930	\$ 5,029,579	80.53%	\$ 7,354,315	68.39%
June 30, 2007	\$ 18,568,695	\$ 23,253,067	\$ 4,684,372	79.85%	\$ 7,354,315	63.70%
June 30, 2006	\$ 16,384,423	\$ 20,862,632	\$ 4,478,209	78.53%	\$ 6,885,478	65.04%
June 30, 2005	\$ 15,054,244	\$ 20,184,385	\$ 5,130,141	74.58%	\$ 6,446,023	79.59%

TOWN OF CHRISTIANSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS FOR SICK PAY PLAN

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

**** Biannual valuations began in 2011**

TOWN OF CHRISTIANBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

ANALYSIS OF FUNDING PROGRESS FOR RETIREMENT SERVICE MERIT PLAN

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

** Biannual valuations began 2011

Statistical Section

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

<u>Contents</u>		<u>Page</u>
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. Schedules 1-6	56-61
Revenue Capacity	These schedules contain information to help the reader assess the Town's most significant local revenue sources. Schedules 7-10	62-65
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. Schedules 11-13	66-68
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. Schedules 14-15	69-70
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs. Schedules 16-21	71-77

TOWN OF CHRISTIANBURG

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:										
Net investment in capital assets	\$ 96,639,415	\$ 96,771,494	\$ 95,524,065	\$ 99,222,094	\$ 97,268,970	\$ 89,442,245	\$ 81,535,576	\$ 76,303,783	\$ 74,730,937	\$ 72,236,287
Restricted	6,516,996	6,727,355	6,423,678	6,185,491	289,784	227,903	231,358	-	-	-
Unrestricted	<u>14,693,551</u>	<u>11,426,955</u>	<u>13,772,327</u>	<u>12,615,333</u>	<u>14,542,381</u>	<u>20,785,430</u>	<u>23,611,653</u>	<u>25,899,737</u>	<u>23,656,476</u>	<u>21,547,622</u>
Total governmental activities net position	<u>\$ 117,849,962</u>	<u>\$ 114,925,803</u>	<u>\$ 115,720,070</u>	<u>\$ 118,022,918</u>	<u>\$ 112,101,135</u>	<u>\$ 110,455,578</u>	<u>\$ 105,378,587</u>	<u>\$ 102,203,520</u>	<u>\$ 98,387,413</u>	<u>\$ 93,783,909</u>
Business Type Activities:										
Net investment in capital assets	\$ 30,020,184	\$ 32,585,256	\$ 32,752,921	\$ 31,469,741	\$ 31,179,842	\$ 30,681,352	\$ 29,028,603	\$ 27,553,356	\$ 26,546,759	\$ 25,535,380
Unrestricted	<u>3,579,672</u>	<u>773,790</u>	<u>97,016</u>	<u>53,593</u>	<u>343,492</u>	<u>186,303</u>	<u>94,382</u>	<u>118,829</u>	<u>302,530</u>	<u>208,317</u>
Total business type activities net position	<u>\$ 33,599,856</u>	<u>\$ 33,359,046</u>	<u>\$ 32,849,937</u>	<u>\$ 31,523,334</u>	<u>\$ 31,523,334</u>	<u>\$ 30,867,655</u>	<u>\$ 29,122,985</u>	<u>\$ 27,672,185</u>	<u>\$ 26,849,289</u>	<u>\$ 25,743,697</u>
Primary Government:										
Net investment in capital assets	\$ 126,659,599	\$ 129,356,750	\$ 128,276,986	\$ 130,691,835	\$ 128,448,812	\$ 120,123,597	\$ 110,564,179	\$ 103,857,139	\$ 101,277,696	\$ 97,771,667
Restricted	6,516,996	6,727,355	6,423,678	6,185,491	289,784	227,903	231,358	-	-	-
Unrestricted	<u>18,273,223</u>	<u>12,200,745</u>	<u>13,869,343</u>	<u>12,668,926</u>	<u>14,885,873</u>	<u>20,971,733</u>	<u>23,706,035</u>	<u>26,018,566</u>	<u>23,959,006</u>	<u>21,755,939</u>
Total primary government net position	<u>\$ 151,449,818</u>	<u>\$ 148,284,849</u>	<u>\$ 148,570,007</u>	<u>\$ 149,546,252</u>	<u>\$ 143,624,469</u>	<u>\$ 141,323,233</u>	<u>\$ 134,501,572</u>	<u>\$ 129,875,705</u>	<u>\$ 125,236,702</u>	<u>\$ 119,527,606</u>

TOWN OF CHRISTIANSBURG

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental Activities:										
General Government	\$ 2,805,119	\$ 4,944,169	\$ 2,220,167	\$ 2,376,491	\$ 2,205,112	\$ 1,870,600	\$ 1,863,443	\$ 1,840,798	\$ 1,564,910	\$ 1,305,762
Public Safety	8,418,250	8,198,793	8,658,968	7,298,345	8,022,207	6,969,518	6,453,570	5,905,546	5,479,549	5,039,777
Public Works	8,496,043	9,144,564	9,379,197	5,154,376	6,312,092	4,976,341	5,759,437	5,389,079	4,871,386	4,424,156
Health and Welfare	3,353	3,193	3,193	3,100	3,100	3,040	2,700	2,760	2,500	2,500
Parks, Recreation, and Culture	5,712,596	2,154,902	4,564,487	4,214,349	2,620,104	2,326,077	1,682,832	1,874,683	1,396,927	1,605,648
Community Development	1,224,353	1,363,587	1,409,722	1,145,498	1,392,967	1,270,096	2,021,276	1,553,587	890,638	837,134
Interest on Long Term Debt	301,654	525,402	550,881	574,940	60,257	364,675	193,186	128,754	39,590	381,637
Total governmental activities	\$ 26,961,368	\$ 26,334,610	\$ 26,786,615	\$ 20,767,099	\$ 20,616,839	\$ 17,780,347	\$ 17,976,444	\$ 16,695,207	\$ 14,245,500	\$ 13,596,614
Business-Type Activities:										
Water and Sewer	\$ 6,843,971	\$ 6,651,445	\$ 6,455,176	\$ 6,369,695	\$ 6,188,386	\$ 5,784,337	\$ 5,482,183	\$ 5,223,595	\$ 4,675,982	\$ 4,927,511
Total business-type activities expenses	\$ 6,843,971	\$ 6,651,445	\$ 6,455,176	\$ 6,369,695	\$ 6,188,386	\$ 5,784,337	\$ 5,482,183	\$ 5,223,595	\$ 4,675,982	\$ 4,927,511
Total primary government expenses	\$ 33,805,340	\$ 32,986,055	\$ 33,241,791	\$ 27,136,794	\$ 26,805,225	\$ 23,564,684	\$ 23,458,627	\$ 21,918,802	\$ 18,921,482	\$ 18,524,125
Program Revenues										
Governmental Activities:										
Charges for Services										
Solid waste collection services	\$ 1,439,764	\$ 1,393,075	\$ 1,431,840	\$ 1,184,296	\$ 1,197,592	\$ 1,198,339	\$ 1,013,822	\$ 979,970	\$ 941,548	\$ 879,244
Public Safety	147,646	-	-	-	-	-	-	-	-	-
Parks, Recreation, and Cultural	992,090	1,021,767	1,001,541	1,022,857	199,813	201,556	200,351	212,362	217,684	211,859
Operating grants and contributions	4,599,502	575,182	1,137,981	306,981	428,117	-	-	-	-	-
Capital grants and contributions	887,040	41,008	8,316	1,325,647	802,659	-	-	-	-	-
Total governmental activities program revenues	\$ 8,066,042	\$ 3,031,032	\$ 3,579,678	\$ 3,839,781	\$ 2,628,181	\$ 1,399,895	\$ 1,214,173	\$ 1,192,332	\$ 1,159,232	\$ 1,091,103
Business-Type Activities:										
Charges for Services										
Water and Sewer	\$ 6,873,832	\$ 6,958,537	\$ 6,613,507	\$ 5,855,965	\$ 5,932,787	\$ 5,602,405	\$ 5,395,895	\$ 5,188,377	\$ 5,145,870	\$ 5,011,017
Total business-type activities program revenues	\$ 6,873,832	\$ 6,958,537	\$ 6,613,507	\$ 5,855,965	\$ 5,932,787	\$ 5,602,405	\$ 5,395,895	\$ 5,188,377	\$ 5,145,870	\$ 5,011,017
Total primary government program revenues	\$ 14,939,874	\$ 9,989,569	\$ 10,193,185	\$ 9,695,746	\$ 8,560,968	\$ 7,002,300	\$ 6,610,068	\$ 6,380,709	\$ 6,305,102	\$ 6,102,120
Net (Expense) Revenue										
Governmental activities	\$ (18,895,325)	\$ (23,303,578)	\$ (23,206,937)	\$ (16,927,318)	\$ (17,988,658)	\$ (16,380,452)	\$ (16,762,271)	\$ (15,502,875)	\$ (13,086,268)	\$ (12,505,511)
Business-type activities	29,861	307,092	158,331	(513,730)	(255,599)	(181,932)	(86,288)	(35,218)	469,888	83,506
Total primary government net (expense) revenue	\$ (18,865,464)	\$ (22,996,486)	\$ (23,048,606)	\$ (17,441,048)	\$ (18,244,257)	\$ (16,562,384)	\$ (16,848,559)	\$ (15,538,093)	\$ (12,616,380)	\$ (12,422,005)
General Revenues and Other										
Changes in Net Position										
Governmental Activities:										
Taxes										
Property	\$ 3,920,803	\$ 3,129,019	\$ 3,076,838	\$ 3,016,086	\$ 2,990,073	\$ 2,996,632	\$ 2,855,885	\$ 2,755,006	\$ 2,656,078	\$ 2,563,752
Sales	1,768,371	1,589,154	1,562,926	1,547,345	1,483,290	1,558,600	1,599,479	1,578,041	1,322,398	1,218,945
Prepared Meals	6,119,575	6,163,941	5,622,786	5,407,998	4,503,818	4,684,404	4,617,826	4,432,695	3,949,008	3,267,017
Transient Lodging	1,286,145	1,303,425	919,745	812,331	748,701	851,512	950,000	909,000	714,000	466,000
Business Licenses	2,146,259 (1)	-	-	-	-	-	-	-	-	-
Franchise	811,550 (1)	-	-	-	-	-	-	-	-	-
Cigarette	606,416 (1)	-	-	-	-	-	-	-	-	-
Other	2,016,969	5,454,370	5,277,657	5,344,305	5,315,902	5,288,368	4,498,937	4,087,016	4,082,999	3,872,049
Permits, fees and licenses	157,471	170,580	190,405	131,369	203,998	137,796	191,857	211,538	252,318	250,188
Revenues from Use of Property	224,381	217,128	218,058	255,366	94,201	115,805	124,071	110,723	74,093	63,163
Investment earnings and unrealized gains	237,626	228,040	222,813	254,350	363,518	486,131	1,081,113	1,192,367	600,059	255,297
Intergovernmental	392,830	3,799,427	3,662,452	3,662,382	3,414,598	3,749,731	3,520,364	3,419,113	3,294,761	3,057,191
Fines and Forfeitures	- (2)	172,565	126,702	95,038	118,559	86,924	95,024	148,523	138,831	87,466
Cemetery	44,515	28,030	90,860	103,464	96,735	102,077	28,420	-	-	-
Miscellaneous	2,212,798	389,461	345,487	375,261	320,188	1,080,845	1,165,147	729,079	565,965	388,891
Grants in Aid of Construction	-	-	-	1,257,323	788,355	1,633,662	240,030	-	-	-
Transfers	-	-	(410,640)	(323,096)	(707,721)	(1,315,045)	(1,030,816)	(254,119)	39,262	(242,215)
Special items	-	(136,728)	-	909,580	-	-	-	-	-	-
Total Governmental activities	\$ 21,945,709	\$ 22,509,312	\$ 20,904,089	\$ 22,849,102	\$ 19,634,215	\$ 21,457,442	\$ 19,937,337	\$ 19,318,982	\$ 17,689,772	\$ 15,247,744
Business-Type activities:										
Grants in Aid of Construction	\$ 53,489	\$ 45,971	\$ 610,263	\$ 52,700	\$ 74,655	\$ 490,222	\$ 392,711	\$ 508,320	\$ 584,754	\$ 435,842
Miscellaneous	157,460	156,046	147,369	137,934	128,903	121,335	113,561	95,675	90,212	86,783
Transfers	-	-	410,640	323,096	707,721	1,315,045	1,030,816	254,119	(39,262)	242,215
Total business-type activities	\$ 210,949	\$ 202,017	\$ 1,168,272	\$ 513,730	\$ 911,279	\$ 1,926,602	\$ 1,537,088	\$ 858,114	\$ 635,704	\$ 764,840
Total primary government	\$ 22,156,658	\$ 22,711,329	\$ 22,072,361	\$ 23,362,832	\$ 20,545,494	\$ 23,384,044	\$ 21,474,425	\$ 20,177,096	\$ 18,325,476	\$ 16,012,584
Changes in Net Position:										
Governmental activities	\$ 3,050,383	\$ (794,266)	\$ (2,302,848)	\$ 5,921,784	\$ 1,645,557	\$ 5,076,990	\$ 3,175,066	\$ 3,816,107	\$ 4,603,504	\$ 2,742,233
Business type activities	240,810	509,109	1,326,603	-	655,680	1,744,670	1,450,800	822,896	1,105,592	848,346
Total primary government	\$ 3,291,193	\$ (285,157)	\$ (976,245)	\$ 5,921,784	\$ 2,301,237	\$ 6,821,660	\$ 4,625,866	\$ 4,639,003	\$ 5,709,096	\$ 3,590,579

1 Previously included in Other Taxes

2 Current year recorded as Charges for Services - Program

TOWN OF CHRISTIANBURG

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund										
Nonspendable	\$ 26,974	\$ 85,792	\$ 131,851	\$ -	\$ 59,725	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	448,130	429,088	373,646	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,482,088	3,114,299	2,527,638	2,199,995	2,069,518	-	-	-	-	2,753
Unassigned	<u>14,606,954</u>	<u>12,060,646</u>	<u>14,120,583</u>	<u>12,816,580</u>	<u>10,910,484</u>	<u>19,503,465</u>	<u>22,366,890</u>	<u>24,653,281</u>	<u>22,450,237</u>	<u>20,426,548</u> (2)
Total General Fund	<u>\$ 18,116,016</u>	<u>\$ 15,260,737</u>	<u>\$ 17,228,202</u>	<u>\$ 15,445,663</u>	<u>\$ 13,413,373</u>	<u>\$ 19,503,465</u>	<u>\$ 22,366,890</u>	<u>\$ 24,653,281</u>	<u>\$ 22,450,237</u>	<u>\$ 20,429,301</u>
All Other Governmental Funds										
Nonspendable in Permanent Fund	484,446	433,263	366,676	359,214	289,783	227,903	201,769 (3)	-	-	-
Unassigned in Permanent Fund	1,574	(2,315)	(2,880)	-	-	-	-	-	-	-
Restricted in Special Revenue Fund	<u>1,505,228</u>	<u>1,737,118</u>	<u>1,766,802</u>	<u>2,026,335</u>	<u>26,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Funds	<u>\$ 1,991,248</u>	<u>\$ 2,168,066</u>	<u>\$ 2,130,598</u>	<u>\$ 2,385,549</u>	<u>\$ 315,832</u>	<u>\$ 227,903</u>	<u>\$ 201,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total All Governmental Fund Balances	<u>\$ 20,107,264</u>	<u>\$ 17,428,803</u>	<u>\$ 19,358,800</u>	<u>\$ 17,831,212</u>	<u>\$ 13,729,205</u>	<u>\$ 19,731,368</u>	<u>\$ 22,568,659</u>	<u>\$ 24,653,281</u>	<u>\$ 22,450,237</u>	<u>\$ 20,429,301</u>

Notes:

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

(2) In 2005, the Town issued a bond offering for \$11.85 million dollars for construction of the Aquatic Center which caused a large increase in the fund balance for that year. Those funds continued to be carried in the annual fund balances until 2010 when the Aquatic Center was completed in June and opened in July 2010.

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

TOWN OF CHRISTIANSBURG

CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

		Fiscal Year									
		2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues											
Taxes											
Property	\$	3,554,811	\$ 3,110,613	\$ 3,065,669	\$ 3,006,272	\$ 3,053,658	\$ 2,898,687	\$ 2,775,831	\$ 2,664,913	\$ 2,626,603	\$ 2,530,439
Sales		1,768,371	1,589,154	1,562,926	1,547,345	1,483,290	1,558,600	1,599,479	1,578,041	1,322,398	1,218,945
Prepared Meals		6,119,575	6,163,941	5,622,786	5,407,998	4,503,818	4,684,404	4,617,826	4,432,695	3,949,008	3,267,017
Transient Lodging		1,286,145	1,303,425	919,745	812,331	748,701	851,512	950,000	909,000	714,000	466,000
Business License		2,146,259	(I) -	-	-	-	-	-	-	-	-
Franchise		811,550	(I) -	-	-	-	-	-	-	-	-
Cigarette		606,416	(I) -	-	-	-	-	-	-	-	-
Other		2,016,969	5,454,370	5,277,657	5,344,305	5,315,902	5,288,368	4,498,937	4,087,016	4,082,999	3,872,049
Permits, fees and licenses		157,471	170,580	190,405	131,369	203,998	137,796	191,857	211,538	252,318	250,188
Revenues from Use of Property		224,381	217,128	218,058	255,366	94,201	115,805	124,071	110,723	74,093	63,163
Investment earnings		237,628	228,040	222,813	254,350	263,518	486,131	1,081,113	1,192,367	600,059	255,297
Charges for Services		2,431,854	2,414,843	2,496,336	2,273,848	1,469,275	1,399,895	1,214,173	1,192,332	1,159,231	1,091,103
Intergovernmental		4,992,332	4,415,617	4,806,749	4,118,010	4,645,374	3,749,731	3,520,364	3,419,113	3,294,761	3,057,191
Fines and forfeitures		147,646	172,565	126,702	95,038	118,559	86,924	95,025	148,523	138,831	87,466
Cemetery		44,515	28,930	27,905	36,769	24,865	102,077	28,420	-	-	-
Miscellaneous		942,622	389,461	343,167	1,503,408	236,187	1,088,110	714,274	611,289	304,786	204,472
Total Revenues Governmental Funds	\$	27,488,545	\$ 25,658,667	\$ 24,880,918	\$ 24,786,409	\$ 22,161,346	\$ 22,448,040	\$ 21,411,370	\$ 20,557,550	\$ 18,519,087	\$ 16,363,330
Expenditures											
General Government	\$	2,297,456	\$ 2,021,703	\$ 1,855,373	\$ 2,077,241	\$ 1,937,708	\$ 1,701,156	\$ 1,618,229	\$ 1,400,715	\$ 1,262,538	\$ 1,204,435
Public Safety		7,857,842	7,720,095	7,577,856	6,806,897	6,858,588	6,488,748	5,909,555	5,219,119	4,988,285	4,499,931
Public Works		5,358,991	5,133,789	4,859,519	4,848,285	5,079,978	4,444,111	4,630,843	4,237,338	4,204,419	4,033,450
Health and Welfare		3,353	3,193	3,193	3,100	3,100	3,040	2,700	2,760	2,500	2,500
Parks, Recreation, and Culture		3,848,610	3,786,915	3,707,420	3,439,568	2,442,144	1,971,657	1,711,966	1,750,906	1,374,703	1,292,271
Community Development		1,251,397	1,349,522	1,276,907	1,132,826	1,374,850	1,258,527	1,971,207	1,516,400	851,633	804,938
Capital Outlay		5,059,998	6,325,556	2,738,124	1,897,842	8,723,878	7,188,705	8,541,739	3,124,325	3,114,504	2,475,861
Debt Service											
Principal retirement		600,000	575,000	550,000	530,000	515,000	490,000	415,000	400,000	385,000	192,750
Interest and fiscal charges		207,461	536,163	561,175	583,981	604,544	623,324	590,851	558,129	615,010	115,669
Bond issuance cost		31,780	-	-	-	-	-	-	-	-	-
Total Expenditures Governmental Funds	\$	26,516,888	\$ 27,451,936	\$ 23,129,567	\$ 21,319,740	\$ 27,539,790	\$ 24,169,268	\$ 25,392,090	\$ 18,209,692	\$ 16,798,592	\$ 14,621,805
Excess of Revenues over (under) Expenditures	\$	971,656	\$ (1,793,269)	\$ 1,751,351	\$ 3,466,669	\$ (5,378,444)	\$ (1,721,228)	\$ (3,980,720)	\$ 2,347,858	\$ 1,720,495	\$ 1,741,525
Other Financing Sources and (Uses)											
Insurance Recoveries	\$	27,075	\$ -	\$ 2,321	\$ 48,852	\$ 84,002	\$ 28,945	\$ 75,800	\$ 76,745	\$ 75,129	\$ 105,919
Proceeds from Debt Issuance		1,654,400	-	-	-	-	-	2,050,979	-	-	11,185,000
Proceeds of Refunding Bonds		9,394,900	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent		(9,369,569)	-	-	-	-	-	-	-	-	-
Sale of Land		-	-	-	-	-	83,500	589,694	32,560	186,050	78,500
Capital Contributions Cemetery		-	-	-	-	-	56,948	240,030	-	-	-
Transfers (to) from:											
General Fund		-	-	-	-	-	-	-	-	-	-
Cemetery Fund		-	-	-	-	-	-	-	-	-	-
Water and Sewer Fund		-	-	(226,084)	(323,096)	(707,721)	(1,315,045)	(1,030,816)	(254,119)	39,262	(242,215)
Special Revenue Fund		-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources and (Uses)	\$	1,706,806	\$ -	\$ (223,763)	\$ (274,244)	\$ (623,719)	\$ (1,145,652)	\$ 1,925,687	\$ (144,814)	\$ 300,441	\$ 11,127,204
Special Items											
Transfer of funds from(to) other organizations	\$	-	\$ (136,728)	\$ -	\$ 909,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Changes in Fund Balance Increases (Decreases)	\$	2,678,462	\$ (1,929,997)	\$ 1,527,588	\$ 4,102,005	\$ (6,002,163)	\$ (2,866,880)	\$ (2,055,033)	\$ 2,203,044	\$ 2,020,936	\$ 12,868,729
Debt Service as a percentage of noncapital expenditures		3.91%	5.26%	5.45%	5.74%	5.95%	6.56%	5.97%	6.35%	7.31%	2.54%

(I) Previously included in Other Taxes

GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Other Local Taxes</u>	<u>Permits, Privilege Fees, and Regulatory Licenses</u>	<u>Fines and Forfeitures</u>	<u>Revenues From Use of Money and Property</u>
2013-2014	\$ 3,554,811	\$ 14,755,286	\$ 157,471	\$ 147,646	\$ 431,073
2012-2013	\$ 3,110,613	\$ 14,510,890	\$ 170,580	\$ 172,565	\$ 413,751
2011-2012	\$ 3,065,669	\$ 13,383,114	\$ 190,405	\$ 126,702	\$ 413,404
2010-2011	\$ 3,006,273	\$ 13,111,979	\$ 131,369	\$ 95,038	\$ 489,477
2009-2010	\$ 3,053,658	\$ 12,051,711	\$ 203,998	\$ 118,559	\$ 349,955
2008-2009	\$ 2,898,687	\$ 12,382,884	\$ 137,796	\$ 86,924	\$ 592,416
2007-2008	\$ 2,775,831	\$ 11,666,242	\$ 191,857	\$ 95,025	\$ 1,203,765
2006-2007	\$ 2,664,913	\$ 11,006,752	\$ 211,538	\$ 148,523	\$ 1,303,090
2005-2006	\$ 2,626,603	\$ 10,068,405	\$ 252,318	\$ 138,831	\$ 674,152
2004-2005	\$ 2,530,438	\$ 8,824,010	\$ 250,188	\$ 87,466	\$ 318,460

<u>Fiscal Year</u>	<u>Charges For Services</u>	<u>Miscellaneous</u>	<u>Inter- governmental</u>	<u>Total</u>	<u>Business-Type Activities Water and Sewer</u>
2013-2014	\$ 2,431,854	\$ 203,229	\$ 3,947,753	\$ 25,629,122	\$ 7,031,292
2012-2013	\$ 2,414,843	\$ 270,265	\$ 3,821,443	\$ 24,884,950	\$ 7,114,583
2011-2012	\$ 2,433,381	\$ 223,909	\$ 3,802,224	\$ 23,638,808	\$ 6,613,507
2010-2011	\$ 2,207,153	\$ 257,939	\$ 3,797,190	\$ 23,096,418	\$ 5,855,965
2009-2010	\$ 1,397,405	\$ 227,265	\$ 3,685,031	\$ 21,087,582	\$ 5,932,787
2008-2009	\$ 1,399,895	\$ 1,088,110	\$ 3,749,731	\$ 22,336,443	\$ 5,602,405
2007-2008	\$ 1,214,173	\$ 714,274	\$ 3,520,364	\$ 21,381,531	\$ 5,395,895
2006-2007	\$ 1,192,332	\$ 611,289	\$ 3,419,113	\$ 20,557,550	\$ 5,188,377
2005-2006	\$ 1,159,231	\$ 304,786	\$ 3,294,761	\$ 18,519,087	\$ 5,145,870
2004-2005	\$ 1,091,103	\$ 204,476	\$ 3,057,190	\$ 16,363,331	\$ 5,011,017

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
 LAST TEN FISCAL YEARS

Fiscal Year	General Administration	Public Safety	Public Works	Health and Welfare		
2013-2014	\$ 2,297,456	\$ 7,292,489	\$ 5,358,991	\$ 3,353		
2012-2013	\$ 2,021,703	\$ 7,283,535	\$ 5,137,107	\$ 3,193		
2011-2012	\$ 1,855,373	\$ 7,052,940	\$ 4,859,519	\$ 3,193		
2010-2011	\$ 2,077,241	\$ 6,661,587	\$ 4,848,285	\$ 3,100		
2009-2010	\$ 1,937,708	\$ 6,629,215	\$ 5,079,978	\$ 3,100		
2008-2009	\$ 1,701,156	\$ 6,488,748	\$ 4,444,111	\$ 3,040		
2007-2008	\$ 1,618,229	\$ 5,909,555	\$ 4,630,843	\$ 2,700		
2006-2007	\$ 1,400,715	\$ 5,219,119	\$ 4,237,338	\$ 2,760		
2005-2006	\$ 1,262,538	\$ 4,988,285	\$ 4,204,419	\$ 2,500		
2004-2005	\$ 1,204,434	\$ 4,499,932	\$ 4,033,452	\$ 2,500		

Fiscal Year	Parks, Recreation, and Culture	Community Development	Debt Service	Capital Outlay	Total
2013-2014	\$ 3,699,923	\$ 1,251,397	\$ 839,241	\$ 3,582,482	\$ 24,325,332
2012-2013	\$ 3,636,842	\$ 1,349,522	\$ 1,111,163	\$ 5,589,922	\$ 26,132,987
2011-2012	\$ 3,569,779	\$ 1,276,907	\$ 1,111,175	\$ 1,792,966	\$ 21,521,852
2010-2011	\$ 3,286,646	\$ 1,132,826	\$ 1,113,981	\$ 1,369,232	\$ 20,492,898
2009-2010	\$ 2,305,876	\$ 1,374,850	\$ 1,119,544	\$ 7,962,920	\$ 26,413,191
2008-2009	\$ 1,845,749	\$ 1,258,527	\$ 1,113,324	\$ 7,188,705	\$ 24,043,360
2007-2008	\$ 1,673,455	\$ 1,906,079	\$ 1,005,851	\$ 8,288,726	\$ 25,035,438
2006-2007	\$ 1,750,906	\$ 1,516,400	\$ 958,129	\$ 3,124,325	\$ 18,209,692
2005-2006	\$ 1,374,703	\$ 851,633	\$ 1,000,010	\$ 3,114,504	\$ 16,798,592
2004-2005	\$ 1,292,271	\$ 804,938	\$ 308,419	\$ 2,475,860	\$ 14,621,806

TOWN OF CHRISTIANBURG

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

Fiscal Year	Calendar Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility		Total Assessed Value	Total Direct Rate(l)	Montgomery County Overlapping Rate (l)
						Unequalized	Equalized			
2013-2014	2013	\$ 1,991,227,235	\$ 182,742,592	\$ 58,797,381	\$ 3,754,580	\$ 47,981,238	\$ 251,828	\$ 2,284,754,854	0.16	0.27
2012-2013	2012	\$ 1,964,857,942	\$ 169,222,259	\$ 58,217,830	\$ 3,711,380	\$ 46,414,195	\$ 131,577	\$ 2,242,555,183	0.15	0.25
2011-2012	2011	\$ 1,949,865,483	\$ 160,842,432	\$ 59,378,139	\$ 3,627,208	\$ 47,101,275	\$ 164,323	\$ 2,220,978,860	0.15	0.24
2010-2011	2010	\$ 1,939,744,614	\$ 157,249,218	\$ 60,573,302	\$ 4,792,800	\$ 44,162,714	\$ 123,171	\$ 2,206,645,819	0.15	0.24
2009-2010	2009	\$ 1,915,422,886	\$ 143,984,570	\$ 62,321,082	\$ 4,792,700	\$ 43,501,590	\$ 44,276	\$ 2,170,067,104	0.14	0.23
2008-2009	2008	\$ 1,863,401,200	\$ 149,368,176	\$ 63,056,712	\$ 4,579,840	\$ 40,896,193	\$ 46,137	\$ 2,121,348,258	0.15	0.24
2007-2008	2007	\$ 1,801,033,201	\$ 141,571,898	\$ 65,343,649	\$ 4,607,360	\$ 40,715,462	\$ 42,329	\$ 2,053,313,899	0.15	0.23
2006-2007	2006	\$ 1,357,921,197	\$ 129,825,097	\$ 64,568,849	\$ 4,740,740	\$ 30,703,941	\$ 50,090	\$ 1,587,809,914	0.18	0.28
2005-2006	2005	\$ 1,298,699,328	\$ 129,691,123	\$ 69,209,974	\$ 4,601,520	\$ 32,261,723	\$ 39,470	\$ 1,534,503,138	0.18	0.28
2004-2005	2004	\$ 1,255,068,756	\$ 123,002,537	\$ 61,649,750	\$ 5,073,600	\$ 30,283,869	\$ 26,964	\$ 1,475,105,476	0.18	0.28

Property Tax Rates - Last Ten Years

Fiscal Year	Calendar Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility	
						Unequalized	Equalized
2013-2014	2013	\$.1300	\$.45	\$.45	\$.1300	\$.1300	\$.45
2012-2013	2012	\$.1126	\$.45	\$.45	\$.1126	\$.1126	\$.45
2011-2012	2011	\$.1126	\$.45	\$.45	\$.1126	\$.1126	\$.45
2010-2011	2010	\$.1126	\$.45	\$.45	\$.1126	\$.1126	\$.45
2009-2010	2009	\$.1126	\$.45	\$.45	\$.1126	\$.1126	\$.45
2008-2009	2008	\$.1126	\$.45	\$.45	\$.1126	\$.1126	\$.45
2007-2008	2007	\$.1126	\$.45	\$.45	\$.1126	\$.1126	\$.45
2006-2007	2006	\$.144	\$.45	\$.45	\$.144	\$.144	\$.45
2005-2006	2005	\$.144	\$.45	\$.45	\$.144	\$.144	\$.45
2004-2005	2004	\$.144	\$.45	\$.45	\$.144	\$.144	\$.45

(l) Per \$100 of assessed value

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

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections To Date	
		Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2013-2014	\$ 3,743,915	\$ 3,661,201	97.79%	\$ -	\$ 3,661,201	97.79%
2012-2013	\$ 3,292,944	\$ 3,246,188	98.58%	\$ 34,718	\$ 3,280,906	99.63%
2011-2012	\$ 3,244,401	\$ 3,042,243	93.77%	\$ 182,892	\$ 3,225,135	99.41%
2010-2011	\$ 3,220,032	\$ 3,156,754	98.03%	\$ 50,943	\$ 3,207,697	99.62%
2009-2010	\$ 3,139,720	\$ 3,083,654	98.21%	\$ 45,409	\$ 3,129,063	99.66%
2008-2009	\$ 3,105,515	\$ 3,050,888	98.24%	\$ 47,324	\$ 3,098,212	99.76%
2007-2008	\$ 3,010,307	\$ 2,928,389	97.28%	\$ 74,933	\$ 3,003,322	99.77%
2006-2007	\$ 2,871,804	\$ 2,836,463	98.77%	\$ 31,435	\$ 2,867,898	99.86%
2005-2006	\$ 2,819,971	\$ 2,812,849	99.75%	\$ (1,796)	\$ 2,811,053	99.68%
2004-2005	\$ 2,679,761	\$ 2,615,979	97.62%	\$ 55,148	\$ 2,671,127	99.68%

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

(2) Includes refunds issued for overpayments and corrections.

TOWN OF CHRISTIANSBURG

PRINCIPAL PROPERTY TAX PAYERS
LAST THREE FISCAL YEARS

Taxpayer	Fiscal Year 2014			Fiscal Year 2013			Fiscal Year 2012		
	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	\$ 59,885,700	1	3.01%	\$ 59,885,700	1	3.05%	\$ 58,685,800	1	3.01%
Shelor Properties	58,410,700	2	2.93%	58,410,700	2	2.97%	55,341,900	2	2.84%
PR Financing	57,205,100	3	2.87%	57,205,100	3	2.91%	53,957,600	3	2.77%
Appalachian Power	26,540,707	5	1.33%	24,460,658	4	1.24%	24,460,658	4	1.25%
CENTRO Heritage Spradling Farm	23,791,300	6	1.19%	23,791,300	5	1.21%	16,575,700	5	0.85%
PR New River Owner LP	23,032,300	7	1.16%	23,032,300	6	1.17%	23,032,300	6	1.18%
Wal-Mart	15,461,400	8	0.78%	15,461,400	7	0.79%	15,461,400	7	0.79%
Backcountry.com	14,432,300	9	0.72%	14,432,300	8	0.73%	Not applicable for 2012		
Christiansburg Market Place	12,475,200	10	0.63%	12,475,000	9	0.63%	12,475,200	8	0.64%
Harvey Hubble, Inc.	10,498,500	11	0.53%	10,498,500	10	0.53%	10,498,500	9	0.54%
Dayton Hudson Corp	10,009,500	12	0.50%	10,013,100	11	0.51%	10,013,100	10	0.51%
Verizon VA, Inc.	40,309,814	4	2.02%	9,054,141	12	0.46%	9,054,141	11	0.46%
	<u>\$ 352,052,521</u>		<u>17.68%</u>	<u>\$ 318,720,199</u>		<u>16.22%</u>	<u>\$ 289,556,299</u>		<u>14.85%</u>

Source: Montgomery County Commissioner of Revenue

WATER AND SEWER RATES
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
WATER										
INSIDE TOWN LIMITS										
4,000 OR LESS	\$ 18.00	\$ 17.00	\$ 16.00	\$ 13.80	\$ 13.30	\$ 13.00	\$ 12.00	\$ 11.00	\$ 11.00	\$ 10.00
PER THOUSAND FOR NEXT 96,000	4.90	4.60	4.40	4.00	3.70	3.55	3.45	3.35	3.25	3.05
PER THOUSAND FOR NEXT 5,900,000	2.60	2.60	2.40	2.20	2.20	2.20	2.10	2.10	2.10	2.00
OUTSIDE TOWN LIMITS										
4,000 OR LESS	\$ 27.00	\$ 25.50	\$ 24.00	\$ 20.70	\$ 19.95	\$ 19.50	\$ 18.00	\$ 16.50	\$ 16.50	\$ 15.00
PER THOUSAND FOR NEXT 96,000	7.35	6.90	6.60	6.00	5.55	5.32	5.175	5.025	4.875	4.575
PER THOUSAND FOR NEXT 5,900,000	3.90	3.90	3.60	3.30	3.30	3.30	3.15	3.15	3.15	3.00
SEWER										
INSIDE TOWN LIMITS										
0-4,000	\$ 28.00	\$ 27.00	\$ 26.00	\$ 23.00	\$ 23.00	\$ 22.00	\$ 20.00	\$ -	\$ -	\$ -
OVER 4,000 PER THOUSAND	7.50	7.20	7.00	6.00	5.70	5.65	4.40	-	-	-
0-8,000	-	-	-	-	-	-	-	32.00	32.00	32.00
OVER 8,000 PER THOUSAND	-	-	-	-	-	-	-	4.20	4.00	4.00
OUTSIDE TOWN LIMITS										
0-4,000	\$ 42.00	\$ 40.50	\$ 39.00	\$ 34.50	\$ 34.50	\$ 33.00	\$ 30.00	\$ -	\$ -	\$ -
OVER 4,000 PER THOUSAND	11.25	10.80	10.50	9.00	8.55	8.47	6.60	-	-	-
0-8,000	-	-	-	-	-	-	-	48.00	48.00	48.00
OVER 8,000 PER THOUSAND	-	-	-	-	-	-	-	6.30	6.00	6.00
GARBAGE										
INSIDE TOWN LIMITS	\$ 34.00	\$ 33.00	\$ 33.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 25.00
OUTSIDE TOWN LIMITS	51.00	49.50	48.00	45.00	45.00	45.00	39.00	39.00	39.00	37.50

TOWN OF CHRISTIANSBURG

**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			
2013-2014	21,458	\$ 2,284,755	\$ 22,176,561	\$ -	\$ -	\$ 22,176,561	.0097:1	1033.49
2012-2013	21,533	2,242,555	17,483,842	-	-	17,483,842	.0078:1	811.96
2011-2012	21,030	2,250,906	18,763,440	-	-	18,763,440	.0083:1	892.22
2010-2011	21,041	2,206,646	19,993,692	-	-	19,993,692	.0091:1	950.23
2009-2010	21,041	2,170,067	21,180,439	-	-	21,180,439	.0098:1	1006.63
2008-2009	19,632	2,121,348	22,329,494	-	-	22,329,494	.0105:1	1137.40
2007-2008	19,507	2,053,314	23,431,641	-	-	23,431,641	.0114:1	1201.19
2006-2007	19,129	1,587,810	22,467,638	-	-	22,467,638	.0142:1	1174.53
2005-2006	18,542	1,534,503	23,438,216	-	-	23,438,216	.0153:1	1264.06
2004-2005	18,457	1,475,105	24,451,966	-	-	24,451,966	.0166:1	1324.81

(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.

(2) Includes Net Bond Premium in the amount of \$52,636.

TOWN OF CHRISTIANBURG

SCHEDULE OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Funds General Obligation Debt						Business-Type Activities			Total Primary Government	Percentage Personal Income	Per Capita
	1995 General Obligation Note	2014 Revenue Bond Refunding	2014 General Obligation Bond	2014 General Obligation Improvement Bond	2007 Revenue Bond	2004B Revenue Bond	2014 General Obligation Bond	2001 VA Revolving Loan Fund	1998 VA Revolving Loan Fund			
2013-2014	\$ 275,000	\$ 9,394,900	\$ 1,049,400	\$ 605,000	\$ 1,560,000 (1)	\$ 275,000	\$ 3,720,600	\$ 4,480,383	\$ 763,642	\$ 22,123,925	**	**
2012-2013	535,000	-	-	-	1,635,000	9,340,000	-	5,036,155	937,687	17,483,842	**	**
2011-2012	780,000	-	-	-	1,710,000	9,595,000	-	5,572,974	1,105,466	18,763,440	2.87%	874
2010-2011	1,015,000	-	-	-	1,780,000	9,840,000	-	6,091,486	1,267,206	19,993,692	3.32%	951
2009-2010	1,240,000	-	-	-	1,845,000	10,080,000	-	6,592,316	1,423,123	21,180,439	3.62%	1,007
2008-2009	1,455,000	-	-	-	1,910,000	10,315,000	-	7,076,066	1,573,428	22,329,494	4.16%	1,137
2007-2008	1,660,000	-	-	-	1,970,000	10,540,000	-	7,543,319	1,718,322	23,431,641	4.39%	1,201
2006-2007	1,855,000	-	-	-	-	10,760,000	-	7,994,638	1,858,000	22,467,638	4.47%	1,175
2005-2006	2,040,000	-	-	-	-	10,975,000	-	8,430,566	1,992,650	23,438,216	5.09%	1,264
2004-2005	2,215,000	-	-	-	-	11,185,000	-	8,934,431	2,117,535	24,451,966	5.72%	1,325

Notes:

Population data (See Schedule 14)

Personal Income data (See Schedule 14)

** Data not yet available

(1) Balance of 2007 Revenue Bond does not include Net Bond Premium in the amount of \$52,636.

TOWN OF CHRISTIANSBURG

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Legal Debt Limit: Calculation for the Fiscal Year Ended June 30, 2014

10% of assessed value of taxable real estate (1)	<u>\$ 2,039,208,473</u>	\$ 203,920,847
Less: Debt applicable to limit		
Bonds payable	<u>22,176,561</u>	
Legal margin for creation of additional debt	<u><u>\$ 181,744,286</u></u>	

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$ 203,920,847	\$ 201,127,214	\$ 202,262,130	\$ 198,390,733	\$ 190,429,739	\$ 195,892,448	\$ 190,429,739	\$ 158,790,991	\$ 153,450,314	\$ 147,510,548
Total net debt applicable to limit	22,176,561	11,510,000	12,085,000	12,635,000	13,680,000	13,165,000	13,680,000	12,615,000	13,015,000	13,400,000
Legal debt margin	<u>\$ 181,744,286</u>	<u>\$ 189,617,214</u>	<u>\$ 190,177,130</u>	<u>\$ 185,755,733</u>	<u>\$ 176,749,739</u>	<u>\$ 182,727,448</u>	<u>\$ 176,749,739</u>	<u>\$ 146,175,991</u>	<u>\$ 140,435,314</u>	<u>\$ 134,110,548</u>
Total net debt applicable to the limit as a percentage of debt limit	10.88%	5.72%	5.97%	6.37%	7.18%	6.72%	7.18%	7.94%	8.48%	9.08%

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)
2014	**	\$ **	**	5.90%
2013	21,533	**	**	6.50%
2012	21,458	3,404,000	30,428	6.80%
2011	21,030	3,175,190	28,668	7.40%
2010	21,041	3,087,781	27,844	7.30%
2009	19,632	3,012,683	27,366	5.83%
2008	19,507	2,980,919	27,354	3.60%
2007	19,129	2,835,781	26,299	2.80%
2006	18,542	2,635,476	24,831	3.10%
2005	18,457	2,422,518	23,177	3.60%

Notes:

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

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

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

(4) Unemployment data is as of June 30.

** Data not yet available

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2014		Fiscal Year 2005	
	Number of Employees	Rank	Number of Employees	Rank
Montgomery County School Board	1,000 and over employees	1	1,000 and over employees	1
Echostar Corporation (Dish Network)	500 to 999 employees	2	1,000 and over employees	2
Town of Christiansburg	250 to 499 employees	3	250 to 499 employees	3
County of Montgomery	250 to 499 employees	4	250 to 499 employees	4
Wal-Mart	250 to 499 employees	5	250 to 499 employees	6
Corning Glass Works	250 to 499 employees	6	250 to 499 employees	7
Shelor Motor Mile, Inc.	250 to 499 employees	7	250 to 499 employees	8
Community Housing Partners	250 to 499 employees	8	100 to 249 employees	9
Hubbell Lighting	100 to 249 employees	9	250 to 499 employees	5
Red Lobster and The Olive Garden	100 to 249 employees	10	100 to 249 employees	11
Lowes Home Centers, Inc.	100 to 249 employees	11	100 to 249 employees	12
Cracker Barrel Old Country Store	100 to 249 employees	12	100 to 249 employees	13
Target Corp.	100 to 249 employees	13	100 to 249 employees	14
The Home Depot	100 to 249 employees	14	100 to 249 employees	15
Backcountry.com	100 to 249 employees	15	N/A	N/A
Texas Roadhouse	100 to 249 employees	16	50 to 99 employees	23
Macado's, Inc.	100 to 249 employees	17	100 to 249 employees	16
Food Lion	100 to 249 employees	18	100 to 249 employees	17
National Bank of Blacksburg	less than 50	19	100 to 249 employees	18
First National Bank (StellarOne)	less than 50	20	100 to 249 employees	19
Belk's	less than 50	21	N/A	N/A
Jimmy John's	less than 50	22	N/A	N/A
Manpower International	less than 50	23	100 to 249 employees	21
Wades Supermarket	less than 50	24	100 to 249 employees	22
Virginia Department of Transportation	less than 50	25	100 to 249 employees	10
Sears Roebuck and Company, Inc.	N/A	N/A	less than 50	24
C&S Door	N/A	N/A	100 to 249 employees	20

Source: Virginia Employment Commission

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

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Administration										
Town Manager's office	5.0	5.0	8.5	10.5	12.0	6.5	9.0	8.0	7.0	5.5
Planning	3.0	3.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0
Treasurer/Finance	11.0	11.0	10.0	10.0	10.0	11.0	12.5	12.0	12.5	12.5
Human Resources	1.5	1.5	1.0	1.0	1.0	1.0	1.5	1.0	1.0	1.5
Public Relations	1.5	1.5	1.5	1.5	1.0	-	-	-	-	-
Information Technology	3.0	2.0	1.5	2.0	2.0	-	-	-	-	-
Public Safety										
Police	73.5	73.5	72.5	73.0	73.0	70.0	71.5	65.5	61.5	58.0
Fire	1.5	1.5	1.5	2.0	2.0	1.5	1.0	1.5	1.0	1.0
Rescue	3.5	3.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Works										
Maintenance	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sanitation	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	9.0
Streets	36.0	35.0	33.0	35.0	35.0	33.5	34.0	34.0	32.0	31.0
Water and Sewer	36.0	36.0	32.0	36.0	36.0	36.0	36.0	37.0	35.0	34.5
Plant Operations	10.5	10.5	11.5	11.5	11.5	11.0	11.0	11.0	11.0	11.0
Engineering	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0
Building Inspections	5.0	5.0	4.5	5.0	5.0	4.0	4.0	4.0	4.0	4.0
Parks and Recreation	78.0	79.0	79.0	86.0	86.0	79.5	90.0	77.5	75.5	71.5
Aquatics	40.5	40.5	40.5	34.0	34.0	3.0	-	-	-	-
Cemetery	1.0	1.0	1.5	2.0	2.0	2.0	1.0	-	-	-
Totals	333.5	333.5	325.5	337.5	337.5	286.0	298.5	278.5	267.5	254.5
Fire Department Volunteers	37.0	36.0	35.0	35.0	35.0	34.0	35.0	36.0	16.0	16.0
Rescue Department Volunteers	75.0	75.0	75.0	67.0	67.0	67.0	67.0	85.0	62.0	62.0

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

TOWN OF CHRISTIANSBURG

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

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government										
Building/zoning permits issued	1,738	1,546	1,071	954	896	695	854	918	927	938
Conditional use permits approved	3	3	8	11	11	**	13	9	21	12
Rezoning requests approved	1	3	-	7	8	**	6	2	9	7
Streets approved for vacation	-	4	1	-	-	**	5	9	5	3
Amendments to Town Code/Ordinances	6	13	11	8	6	**	6	6	4	3
Public Safety										
Police										
Criminal offenses	2,346	2,494	2,810	2,790	2,736	2,946	2,984	2,870	2,919	2,425
Traffic warrants	5,817	7,306	7,258	5,671	5,985	5,884	6,331	5,996	5,996	5,865
Parking violations	445	88	424	385	537	330	193	238	541	302
Patrol miles driven	635,316	632,669	581,393	566,732	527,435	534,832	511,295	488,695	451,596	395,306
Fire										
Christiansburg calls answered	484	549	564	527	569	477	487	364	498	604
County calls answered	320	336	280	316	343	312	341	321	372	234
Total calls answered	804	885	844	843	912	789	828	685	870	838
Rescue										
Christiansburg calls answered	2,596	2,575	2,610	2,287	2,684	2,466	2,206	1,879	1,944	2,036
County calls answered	1,174	1,139	997	1,247	2,142	1,677	1,434	1,301	1,175	1,195
Total calls answered	3,770	3,714	3,607	3,534	4,826	4,143	3,640	3,180	3,119	3,231
Public Works										
Sanitation										
Trash removal in tons	8,671	9,545	8,387	8,727	9,370	9,917	12,831	11,625	10,549	10,510
Spring and fall cleanup in tons										
Junk	592.46	393.66	514.70	383.73	660.17	706.09	825.55	1,064.59	903.51	724.38
Leaves	530.25	821.00	613.50	436.48	576.56	395.77	482.81	572.50	516.55	416.67
Brush	367.64	182.46	249.60	138.96	271.14	188.00	202.60	331.87	237.78	294.11
Recycling in pounds										
Papers	614,980	624,660	568,780	480,106	488,600	573,280	479,020	441,860	447,846	495,600
Containers	415,940	385,860	350,240	308,960	283,940	246,200	191,000	158,280	156,160	145,860
Total pounds recycled	1,030,920	1,010,520	919,020	789,066	772,540	819,480	670,020	600,140	604,006	641,460
Streets										
Principal/minor arterial lane miles	46.93	45.75	45.75	45.75	45.75	45.75	45.69	45.69	45.69	45.69
Principal/minor arterial center lane miles	15.90	15.31	15.31	15.31	15.31	15.31	15.31	15.31	15.31	15.31
Collector/local streets lane miles	206.03	202.98	202.98	202.98	202.98	195.22	194.10	191.66	185.64	183.16
Collector/local streets center lane miles	102.83	101.15	101.15	101.15	101.15	97.27	96.71	95.49	92.48	91.24
Sidewalks installed new and replaced in linear feet	570	912	1,247	-	-	-	112	1,240	1,240	540
Curb and gutter installed in linear feet	-	-	343	-	-	-	-	-	-	-
Storm drains installed in linear feet	1,620	128	1,628	615	1,159	1,040	952	802	961	455
Street lights installed	16	33	21	28	22	25	59	15	20	38
Street signs new	49	66	76	39	39	279	131	53	284	105
Street signs repaired or replaced	168	120	310	310	310	140	190	32	1,867	1,944
Total street signs	6,110	6,061	5,995	5,919	5,919	5,879	5,596	5,447	5,407	5,302
Water										
New water services installed, net of removed	70	89	47	57	57	96	105	127	207	154
Total water customers in Town	9,650	9,580	9,491	9,444	9,387	9,330	9,234	9,129	9,002	8,795
New water services installed Out of Town	6	9	2	10	16	14	15	8	8	7
Accumulative water services Out of Town	501	495	486	484	474	458	444	429	421	413
Total water services In and Out of Town	10,151	10,075	9,977	9,928	9,861	9,788	9,678	9,558	9,423	9,208

(continued)

TOWN OF CHRISTIANBURG

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

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water										
Water consumption in gallons Town System	824,099,330	521,310,359	536,192,792	512,486,032	560,896,508	629,847,030	447,839,220	452,457,295	366,864,130	407,813,230
Water consumption in gallons Water Authority Main	-	-	-	-	-	-	131,536,990	135,815,290	130,160,120	135,909,310
Montgomery County PSA	54,700,580	97,164,800	129,101,324	106,402,000	102,156,000	101,256,000	106,804,700	54,669,400	-	-
Total water consumption	878,799,910	618,475,159	665,294,116	618,888,032	663,052,508	731,103,030	686,180,910	642,941,985	497,024,250	543,772,540
New water mains installed in linear feet	12,542	1,727	6,400	2,545	2,897	10,211	11,376	18,239	15,817	15,168
Cumulative water mains, feet	815,712	803,170	801,442	795,042	792,497	789,225	779,014	**	**	755,797
Cumulative water mains, miles	154.49	152.13	151.79	150.58	150.10	149.47	147.55	**	**	143.15
Sewer										
New service installed in Town, net of service removed	78	87	43	67	64	84	131	155	205	179
Accumulative services in Town	8,858	8,780	8,693	8,650	8,583	8,519	8,435	8,304	8,149	7,944
New sewer service installed Out of Town	6	9	2	11	15	12	15	10	7	-
Accumulative services Out of Town	122	116	107	105	94	79	67	52	42	35
Total sewer services in and out of Town	8,980	8,896	8,800	8,755	8,677	8,598	8,502	8,356	8,191	7,979
New Sanitary Sewer Gravity Mains installed in linear feet	1,858	3,015	3,919	12,333	15,555	12,446	9,627	12,310	21,564	18,683
New Sanitary Sewer Force Mains installed in linear feet	-	390	-	-	-	-	786	**	-	-
Total sewer system lines in linear feet	808,447	806,589	803,184	799,265	786,932	771,377	771,377	**	759,459	738,900
Total sewer system lines in miles	153.11	146.72	147.97	151.38	149.04	146.09	146.09	**	143.90	139.95
Waste Water Treatment Plant										
Gallons collected and treated	845,000,000	901,000,000	848,700,000	875,000,000	976,932,000	883,148,000	725,500,000	795,300,000	728,594,000	896,000,000
Average number of gallons treated per day	2,300,000	2,468,493	2,318,852	101,932,000	2,676,526	2,419,584	1,987,671	2,178,904	1,996,148	2,454,795
Parks and Recreation										
Number of programs offered										
Youth and community	105	94	100	90	90	109	100	101	80	84
Adult and community	210	202	214	194	199	188	182	166	160	134
Youth athletic	47	46	46	46	48	47	33	30	27	26
Adult athletic	22	23	18	18	18	10	9	10	8	8
Senior citizen	160	169	162	138	167	162	180	163	170	167
Special population	6	8	5	7	7	8	13	8	9	9
Youth special events	8	7	8	9	10	14	22	19	29	36
Adult special events	7	8	8	11	12	14	12	13	13	13
Senior citizen special events	15	19	21	23	18	27	32	28	23	23
Clubs	1	3	2	4	4	5	6	6	7	7
Aquatics ***										
Membership packages sold										
Resident	275	458	664	1,217						
Non resident	314	390	570	809						
Day passes sold	28,836	31,274	35,779	42,888						
Birthday parties	271	315	394	407						
Competitive meets	28	25	20	25						
Number of classes	237	207	187	238						
Cemetery ****										
Burials	93	101	70							
Cremations	15	8	11							
Lots sold	62	39	35							

Notes:

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

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

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

TOWN OF CHRISTIANBURG

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

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Public Safety										
Law Enforcement Vehicles Patrol	26	26	26	26	26	**	**	**	**	**
Law Enforcement Vehicles detective and vice	12	12	12	12	12	**	**	**	**	**
Law Enforcement Vehicles ERT and Special oper	13	13	13	13	13	**	**	**	**	**
Law Enforcement Vehicles Administrative	4	4	3	3	3	**	**	**	**	**
Fire Fighting Apparatus	7	7	6	6	6	6	6	6	6	6
Fire Response Vehicles	6	6	5	5	5	4	4	4	4	4
Medical Rescue Ambulances	5	5	5	5	5	**	**	**	**	**
Medical Rescue Extraction Vehicles	3	3	3	3	3	**	**	**	**	**
Medical Rescue Response Vehicles other	8	8	6	6	6	**	**	**	**	**
Public Works										
Sanitation										
Trash Collection Vehicles	5	5	5	5	5	5	5	**	**	**
Streets										
Principal/minor arterial lane miles	46.93	45.75	45.75	45.75	45.75	45.75	45.69	45.69	45.69	45.69
Collector/local streets lane miles	206.03	202.98	202.98	202.98	202.98	195.22	194.10	191.66	185.64	183.16
Traffic lights	18	18	18	18	18	18	**	**	**	**
Street lights	1,744	1,750	1,725	1,701	1,665	**	**	**	**	**
Parks and Recreation										
Indoor Aquatic Center	1	1	1	1	***	***	***	***	***	***
Recreation Center	1	1	1	1	1	1	1	1	1	1
Parks mini parks, large and community	13	13	13	13	13	13	13	13	13	13
Trails (miles)	4	4	**	**	**	**	**	**	**	**
Business Type Activities Water and Sewer										
Water Mains (miles)	154.49	152.13	151.79	150.58	150.10	149.47	147.55	**	**	143.15
Sewer Mains (miles)	153.11	146.72	147.97	151.38	149.04	146.09	146.09	**	143.90	139.95

Notes:

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

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

TOWN OF CHRISTIANBURG

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating Revenues										
Charges for Services:										
Water and Sewer Service Fees	\$ 6,513,234	\$ 6,531,903	\$ 6,265,568	\$ 5,484,183	\$ 5,519,143	\$ 5,292,970	\$ 4,827,387	\$ 4,695,848	\$ 4,415,735	\$ 4,232,444
Water and Wastewater Connection Fees	360,598	426,634	347,939	371,782	413,644	309,435	568,508	492,529	730,135	778,573
Penalties and Other	157,460	156,046	147,368	137,934	128,903	121,335	113,561	95,675	90,212	86,783
Total Operating Revenues	<u>\$ 7,031,292</u>	<u>\$ 7,114,583</u>	<u>\$ 6,760,875</u>	<u>\$ 5,993,899</u>	<u>\$ 6,061,690</u>	<u>\$ 5,723,740</u>	<u>\$ 5,509,456</u>	<u>\$ 5,284,052</u>	<u>\$ 5,236,082</u>	<u>\$ 5,097,800</u>
Operating Expenses										
Salaries and Wages	\$ 1,831,465	\$ 1,616,818	\$ 1,575,967	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963	\$ 1,381,847	\$ 1,210,010	\$ 1,180,164	\$ 1,184,849
Employee Benefits	183,657	218,388	240,684	198,480	220,894	231,046	228,264	201,817	178,693	200,429
Water Authority Purchases	1,410,462	1,541,555	1,469,252	1,397,224	1,269,776	1,093,827	970,469	973,921	458,827	684,754
Utilities	384,717	315,547	272,363	286,277	325,957	272,090	178,236	241,113	188,510	176,791
Repairs and Maintenance	173,824	158,658	228,393	282,621	257,696	270,086	291,846	268,173	261,224	228,892
Depreciation and Amortization	1,700,218	1,643,954	1,611,172	1,557,751	1,555,696	1,489,290	1,460,698	1,424,625	1,408,040	1,359,093
Materials and Supplies	604,381	514,909	562,506	610,572	537,265	507,036	493,383	441,504	552,214	444,071
General and Administrative	331,204	419,074	247,278	256,950	248,513	129,684	139,773	104,151	142,862	152,656
Total Operating Expenses	<u>\$ 6,619,928</u>	<u>\$ 6,428,903</u>	<u>\$ 6,207,615</u>	<u>\$ 6,098,405</u>	<u>\$ 5,894,188</u>	<u>\$ 5,468,022</u>	<u>\$ 5,144,516</u>	<u>\$ 4,865,314</u>	<u>\$ 4,370,534</u>	<u>\$ 4,431,535</u>
Operating Income (Loss)	\$ 411,364	\$ 685,680	\$ 553,260	\$ (104,506)	\$ 167,502	\$ 255,718	\$ 364,940	\$ 418,738	\$ 865,548	\$ 666,265
Nonoperating Revenues (Expenses)										
Interest and Fiscal Charges	(197,523)	(222,543)	(247,560)	(271,290)	(294,198)	(316,315)	(337,667)	(358,281)	(305,448)	(495,976)
Bond Issuance Costs	(26,520)	-	-	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(224,043)</u>	<u>(222,543)</u>	<u>(247,560)</u>	<u>(271,290)</u>	<u>(294,198)</u>	<u>(316,315)</u>	<u>(337,667)</u>	<u>(358,281)</u>	<u>(305,448)</u>	<u>(495,976)</u>
Income (Loss) Before Contributions and Transfers	\$ 187,321	\$ 463,137	\$ 305,700	\$ (375,796)	\$ (126,696)	\$ (60,597)	\$ 27,273	\$ 60,457	\$ 560,100	\$ 170,289
Capital Contributions	53,489	45,971	794,819	52,700	74,655	490,222	392,711	508,320	584,754	435,842
Transfers In	-	-	226,084	323,096	707,721	1,315,045	1,030,816	254,119	(39,262)	242,215
Change in Net Position	<u>240,810</u>	<u>509,108</u>	<u>1,326,603</u>	<u>-</u>	<u>655,680</u>	<u>1,744,670</u>	<u>1,450,800</u>	<u>822,896</u>	<u>1,105,592</u>	<u>848,346</u>
Net Position, Beginning	<u>33,359,046</u>	<u>32,849,937</u>	<u>31,523,334</u>	<u>31,523,334</u>	<u>30,867,654</u>	<u>29,122,985</u>	<u>27,672,185</u>	<u>26,849,289</u>	<u>25,743,697</u>	<u>24,895,351</u>
Net Position, Ending	<u>\$ 33,599,856</u>	<u>\$ 33,359,045</u>	<u>\$ 32,849,937</u>	<u>\$ 31,523,334</u>	<u>\$ 31,523,334</u>	<u>\$ 30,867,655</u>	<u>\$ 29,122,985</u>	<u>\$ 27,672,185</u>	<u>\$ 26,849,289</u>	<u>\$ 25,743,697</u>

TOWN OF CHRISTIANBURG

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 702,525	\$ 489,016	\$ 479,746	\$ 454,598	\$ 468,555	\$ 458,717	\$ 490,744	\$ 333,066	\$ 323,384	\$ 327,940
Fringe benefits - insurance	58,221	57,528	57,603	69,801	73,414	77,921	103,932	81,464	74,241	83,848
Water Authority purchases	1,410,462	1,541,555	1,469,252	1,397,224	1,269,775	1,093,827	970,469	973,921	458,827	684,754
Utilities	25,644	22,641	25,056	27,006	28,408	26,996	18,755	21,892	17,749	16,359
Repairs & maintenance	46,236	52,778	93,710	96,786	115,720	84,498	119,841	98,918	99,940	70,583
Depreciation & amortization	357,654	317,201	362,399	340,940	332,147	313,855	318,787	308,169	305,061	291,524
Materials & supplies	155,440	132,023	143,576	153,964	105,504	103,345	117,005	146,153	219,606	165,252
General & administrative	125,930	152,860	62,839	67,990	57,039	32,227	39,403	31,368	26,155	33,986
Bond payments- principal	-	-	-	-	-	-	-	-	-	-
Bond payments- interest	-	-	-	-	-	-	-	-	-	-
Water Totals	\$ 2,882,112	\$ 2,765,601	\$ 2,694,181	\$ 2,608,309	\$ 2,450,562	\$ 2,191,386	\$ 2,178,936	\$ 1,994,951	\$ 1,524,963	\$ 1,674,246
Waste Water Operations										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 590,433	\$ 462,424	\$ 432,286	\$ 420,184	\$ 388,298	\$ 396,544	\$ 305,338	\$ 328,434	\$ 321,109	\$ 348,653
Fringe benefits - insurance	77,686	88,511	111,848	54,942	67,718	77,650	50,431	67,509	56,968	62,850
Water Authority purchases	-	-	-	-	-	-	-	-	-	-
Utilities	108,391	99,401	79,636	80,762	95,479	74,083	43,066	65,367	46,157	44,890
Repairs & maintenance	62,904	60,517	85,171	114,995	72,097	91,444	70,934	88,010	71,824	70,792
Depreciation & amortization	569,912	563,514	485,288	466,372	458,528	438,349	441,555	424,854	406,394	373,475
Materials & supplies	104,226	73,088	92,024	156,480	133,397	91,223	66,262	51,432	77,256	44,442
General & administrative	110,181	135,743	66,487	91,179	68,941	35,928	29,227	18,813	16,778	21,230
Bond payments- principal	-	-	-	-	-	-	-	-	-	107,250
Bond payments- interest	-	-	-	-	-	-	-	-	-	4,987
Waste Water Totals	\$ 1,623,733	\$ 1,483,198	\$ 1,352,740	\$ 1,384,914	\$ 1,284,458	\$ 1,205,221	\$ 1,006,813	\$ 1,044,419	\$ 996,486	\$ 1,078,569
Waste Water Treatment Plant										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 538,507	\$ 665,379	\$ 663,936	\$ 633,748	\$ 621,538	\$ 619,702	\$ 585,765	\$ 548,510	\$ 535,671	\$ 508,256
Fringe benefits - insurance	47,750	72,349	71,233	73,738	79,762	75,475	73,901	52,844	47,484	53,731
Water Authority purchases	-	-	-	-	-	-	-	-	-	-
Utilities	250,682	193,505	167,671	178,508	202,071	171,011	116,415	153,854	124,604	115,542
Repairs & maintenance	64,684	45,362	49,512	70,840	69,879	94,144	101,071	81,245	89,460	87,517
Depreciation & amortization	772,652	763,239	763,485	750,439	765,021	737,086	700,356	691,602	696,585	694,094
Materials & supplies	344,715	309,799	326,905	300,128	298,364	312,468	310,116	243,919	255,352	234,377
General & administrative	95,091	130,471	117,953	97,781	122,533	61,530	71,143	53,970	99,929	97,440
Bond payments- principal	729,816	704,598	680,252	656,747	634,055	612,147	590,997	570,578	628,750	443,001
Bond payments- interest	197,523	222,543	247,560	271,290	294,198	316,315	337,667	358,281	305,448	490,989
Bond issuance cost	26,520	-	-	-	-	-	-	-	-	-
Waste Water Treatment Plant Totals	\$ 3,067,940	\$ 3,107,244	\$ 3,088,507	\$ 3,033,219	\$ 3,087,421	\$ 2,999,878	\$ 2,887,431	\$ 2,754,803	\$ 2,783,283	\$ 2,724,947
Totals										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 1,831,465	\$ 1,616,818	\$ 1,575,968	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963	\$ 1,381,847	\$ 1,210,010	\$ 1,180,164	\$ 1,184,849
Fringe benefits - insurance	183,657	218,388	240,684	198,481	220,894	231,046	228,264	201,817	178,693	200,429
Water Authority purchases	1,410,462	1,541,555	1,469,252	1,397,224	1,269,775	1,093,827	970,469	973,921	458,827	684,754
Utilities	384,717	315,547	272,363	286,276	325,958	272,090	178,236	241,113	188,510	176,791
Repairs & maintenance	173,824	158,658	228,393	282,621	257,696	270,086	291,846	268,173	261,224	228,892
Depreciation & amortization	1,700,218	1,643,954	1,611,172	1,557,751	1,555,696	1,489,290	1,460,698	1,424,625	1,408,040	1,359,093
Materials & supplies	604,381	514,909	562,505	610,572	537,265	507,036	493,383	441,504	552,214	444,071
General & administrative	331,204	419,074	247,279	256,950	248,513	129,685	139,773	104,151	142,862	152,656
Bond payments- principal	729,814	704,598	680,252	656,747	634,055	612,147	590,997	570,578	628,750	550,251
Bond payments- interest	197,523	222,543	247,560	271,290	294,198	316,315	337,667	358,281	305,448	495,976
Bond Issuance cost	26,520	-	-	-	-	-	-	-	-	-
Totals	\$ 7,573,785	\$ 7,356,044	\$ 7,135,428	\$ 7,026,442	\$ 6,822,441	\$ 6,396,485	\$ 6,073,180	\$ 5,794,173	\$ 5,304,732	\$ 5,477,762

TOWN OF CHRISTIANBURG

ENTERPRISE FUND EXPENSES AND BOND PAYMENTS BREAKDOWN
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Total</u>	<u>Water</u>	<u>Waste Water Operations</u>	<u>Waste Water Treatment Plant</u>
Personal service -				
Salaries, wages, payroll taxes, and retirement	\$ 1,831,465	\$ 702,525	\$ 590,433	\$ 538,507
Fringe benefits - insurance	183,657	58,221	77,686	47,750
Water Authority purchases	1,410,462	1,410,462	-	-
Utilities	384,717	25,644	108,391	250,682
Repairs & maintenance	173,824	46,236	62,904	64,684
Depreciation & amortization	1,700,218	357,654	569,912	772,652
Materials & supplies	604,381	155,440	104,226	344,715
General & administrative	331,202	125,930	110,181	95,091
Bond payments- principal	729,816	-	-	729,816
Bond payments- interest	197,523	-	-	197,523
Bond Issuance Cost	26,520	-	-	26,520
Totals	<u>\$ 7,573,785</u>	<u>\$ 2,882,112</u>	<u>\$ 1,623,733</u>	<u>\$ 3,067,940</u>

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Compliance Section

TOWN OF CHRISTIANBURG

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/Grant Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Department of Housing and Community Development: Community Development Block Grant	14.218	B12-MC-51-0028	\$ 56,259
<u>U.S. Department of Justice</u>			
Bulletproof Vest Partnership Program	16.607	1121-0235	1,228
Information Technology Improvement	16.738	14-D5843CR12	23,332
Pass-through programs from:			
Bureau of Justice Assistance:			
Commonwealth of Virginia Department of Criminal Justice:			
Local Law Enforcement Block Grant	16.738	13-N1020LO12	2,481
ARRA - Internet Crimes Against Children	16.800	13A2574AC13, 14-C2272AC14	52,889
Equitable Sharing Program	16.922	VA0600300	61,907
<u>U.S. Department of Transportation</u>			
Pass-through programs from:			
Virginia Department of Transportation:		EN09-060-105,PI01,C501	
TEA-21 - to Montgomery County	* 20.205	UPC 94264	374,573
TEA-21 - Downtown Project	20.205	EN00-154-122,PE101,	
State & Community Highway Safety	20.600	RW201,C501,C502,C503	5,583
Alcohol Impaired Driving Countermeasures Incentive Grants 1	20.601	SC-2014-54326-5574	12,037
National Priority Safety Programs	20.616	K8-2014-54017-5265, K8-2013-53204-4919 M2HVE-2014-54276, K21353263	9,729 6,135
<u>U.S. Department of Homeland Security</u>			
Emergency Management Performance Grants	97.042	6468	<u>7,500</u>
Total expenditures of federal awards			<u>\$ 613,653</u>

* Denotes major program

See independent auditors' report.

TOWN OF CHRISTIANSBURG

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2014

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Christiansburg under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the Town of Christiansburg, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Christiansburg.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. Pass-through entity identifying numbers are presented where available.

B. DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS

Federal awards may be granted directly to the Town by a federal granting agency or may be granted to other government agencies which pass through federal awards to the Town. The Schedule includes both of these types of Federal award programs when they occur.

Michael B. Cooke, C.P.A., P.C.
Certified Public Accountants

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Blacksburg, Virginia 24060
(540) 953-1152

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and business-type activities of the Town of Christiansburg, Virginia (the "Town"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 17, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CERTIFIED PUBLIC ACCOUNTANTS

Blacksburg, Virginia
November 17, 2014

Michael B. Cooke, C.P.A., P.C.
Certified Public Accountants

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Blacksburg, Virginia 24060
(540) 953-1152

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Christiansburg, Virginia's (the "Town") compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2014. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS

Blacksburg, Virginia
November 17, 2014

TOWN OF CHRISTIANSBURG, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2014

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance on Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Town's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

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

State Agency Requirements
Highway Maintenance Funds

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

TOWN OF CHRISTIANSBURG

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the basic financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. **No material weaknesses** identified.
3. **No instances of noncompliance** material to the financial statements of the Town of Christiansburg, Virginia were disclosed during the audit.
4. **No significant deficiencies** in internal control over a major Federal program is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133. **No material weaknesses** identified.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings** required to be reported related to Federal programs under section 510(a) of OMB Circular A-133.
7. The program tested as a major program includes:

TEA-21- Downtown Christiansburg Project - CFDA # 20.205
8. The **threshold** for distinguishing Types A and B programs was **\$300,000**.
9. The Town was determined **not to be** a **low-risk** auditee pursuant to OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS

None

D. FINDINGS AND QUESTIONED COSTS - COMMONWEALTH OF VIRGINIA

None