



AUDIT SUMMARY 2018

TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

- Presentation of Annual Report and Audit Results
 - Scott Wickham, audit partner with our audit firm will be presenting the Audit opinions to you as he is now required to do so by APA (Auditor of Public Accounts)
 - After Scott's presentation we will look at
 - How did we do with Revenues and Expenditures
 - Where did our money go
 - How did we do relative to the budget
 - Where are we with respect to the fund balance policy

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- Audit Opinion on the financial statement is on page 17
 - The opinion is unqualified
 - The supplementary information is fairly presented
- Report on Internal Control and Compliance with GAS reports are on page 152
 - No internal control weaknesses or compliance issues were identified
- Auditors letter to Town Council
 - Provides communication to Council regarding work and interaction with management and the financial statements.

TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

- Audit Recommendations:
 - One accounting software encompassing all the Town functions that can automate many of the current processes would eliminate many manual entries and workarounds, creating efficiency and improving accuracy within the Finance office. Particularly the software utilized for tax collections needs improvement.
 - Recommend the Finance office prepare and reconcile the annual Urban Highway Maintenance Survey sent to VDOT to improve accuracy. Improve the process for preparing daily sheets for work performed on eligible streets.

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- Letter of Transmittal page 1 to 13
- MD&A or Management Discussion and Analysis page 17 to 28
- Government Wide Financial Statements page 29-30 GASB 34 statements
- Fund Financial Statements page 31-37
- Notes to the Financial Statements page 38-99
- Supplementary Information page 100-151
 - lots of trend data, functional data and schedules

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- Government wide financial statements vs fund balance statements
 - Government Wide financial statements Pg. 29 -30 present all the capital assets and depreciation of the government as well as the long term debt and long term pension liabilities that are not reflected in the fund level financial statements. (economic resources measurement focus and full accrual basis.)
 - Fund level financial statements report on a shorter time horizon and do not reflect these long term assets and debt the same way but account for assets as they are purchased and debt as the payments are made. (Current financial resources measurement and modified accrual basis)
 - You will see a reconciliation of these statements on pages 32 and 34.
 - From either perspective the Town has a strong fund balance and a good outlook.

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REVENUES AS COMPARED TO PRIOR YEARS

Revenues	2015	2016	2017	2018	Increase (decrease) over 2016
GENERAL FUND	26,452,118	28,254,547	28,891,636	29,224,918	333,282
SPEC REV FUND	1,404,466	2,040,846	2,913,936	1,522,629	(1,391,307)
CEMETERY	86,448	103,383	103,107	110,202	7,095
GF Capital Projects	459,065	150,625	1,558,528	1,483,271	(75,257)
ENTERPRISE W&S	7,800,301	8,824,901	8,913,642	10,792,784	1,879,142
STORM WATER			1,397,976	2,042,427	644,451

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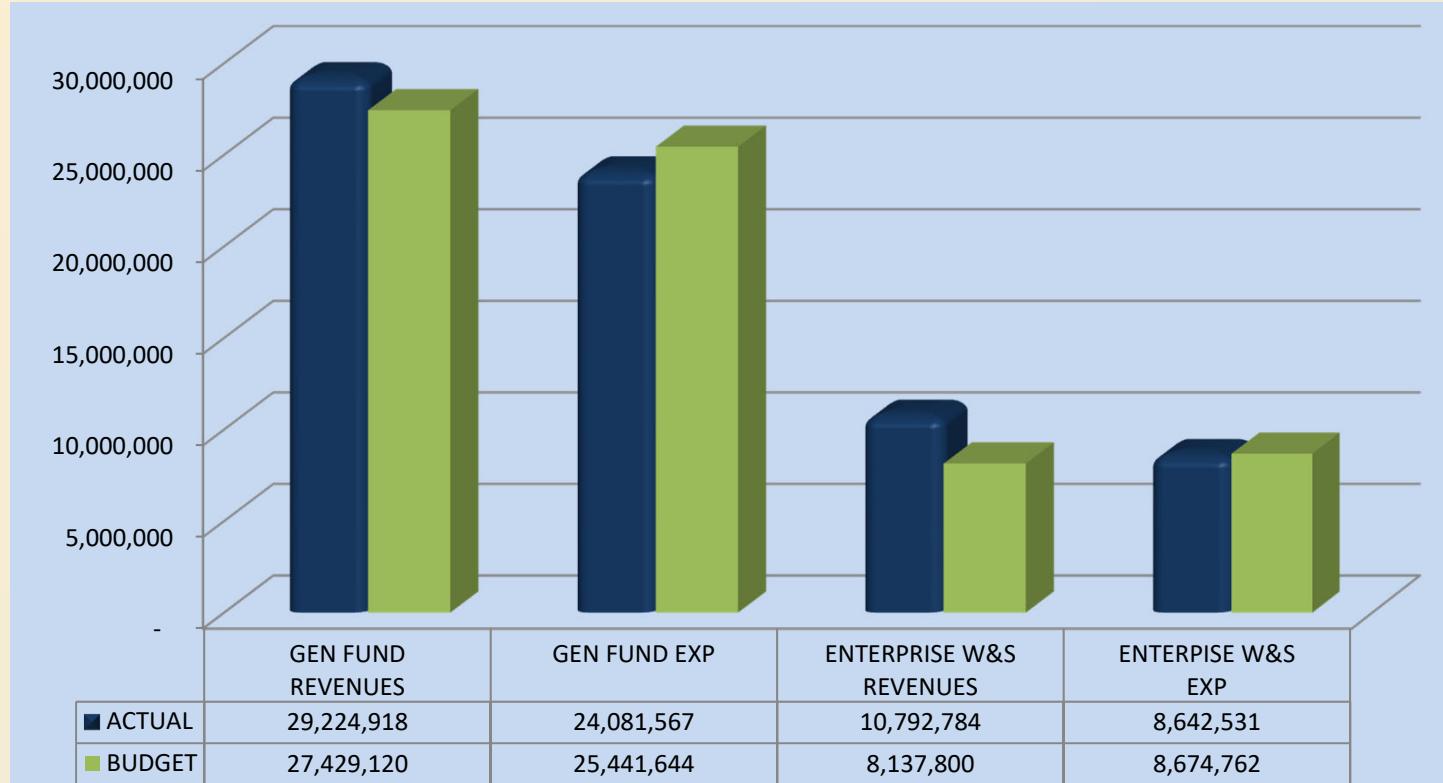
- EXPENDITURES AS COMPARED TO PRIOR YEARS

Expenditures	2015	2016	2017	2018	Increase (decrease) over 2014
GENERAL FUND	23,232,256	27,045,559	22,515,347	24,081,567	1,566,220
SPEC REV FUND	894,839	2,037,484	3,051,381	1,343,442	(1,707,939)
CEMETERY	239,667	290,486	214,231	229,919	15,688
GF CAPITAL PROJECTS	918,130	565,978	2,408,073	2,484,701	76,628
ENTERPRISE W&S	7,319,366	7,479,021	7,927,511	8,642,531	715,020
STORM WATER			401,448	1,196,667	795,219

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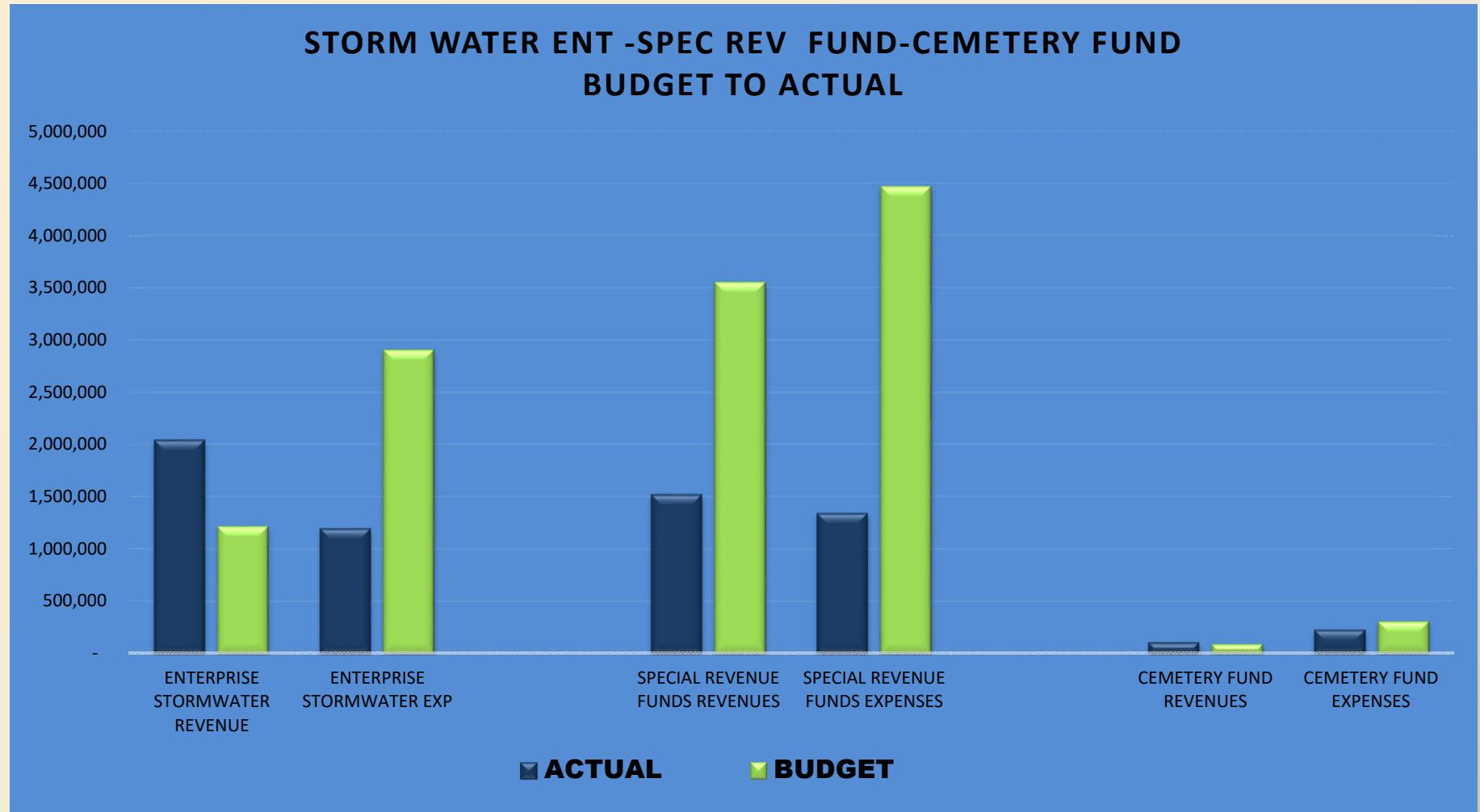
REVENUES AND EXPENDITURES AS COMPARED TO BUDGET

BUDGET TO ACTUAL GEN FUND AND WATER SEWER ENTERPRISE



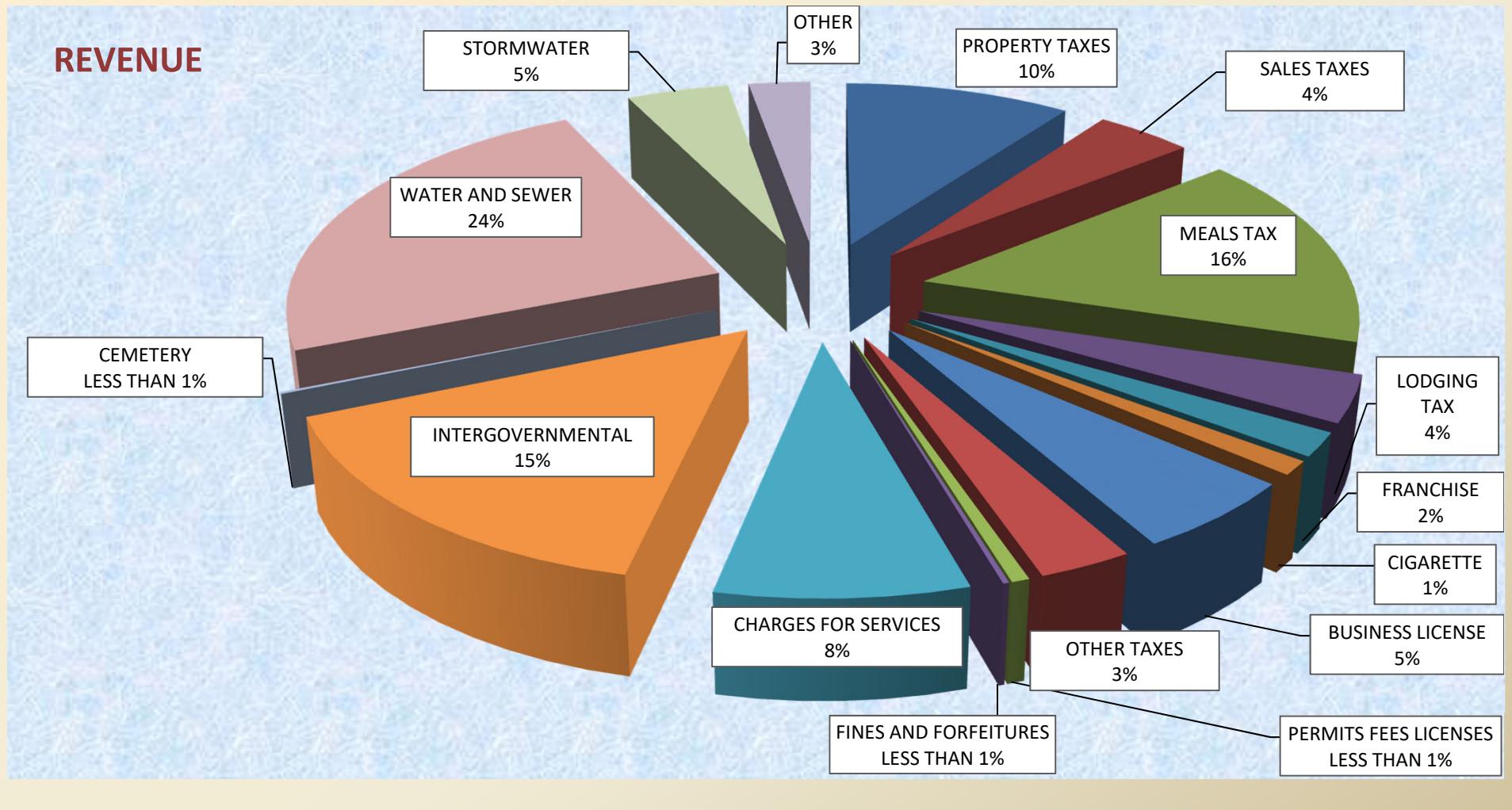
TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

REVENUES AND EXPENDITURES AS COMPARED TO BUDGET



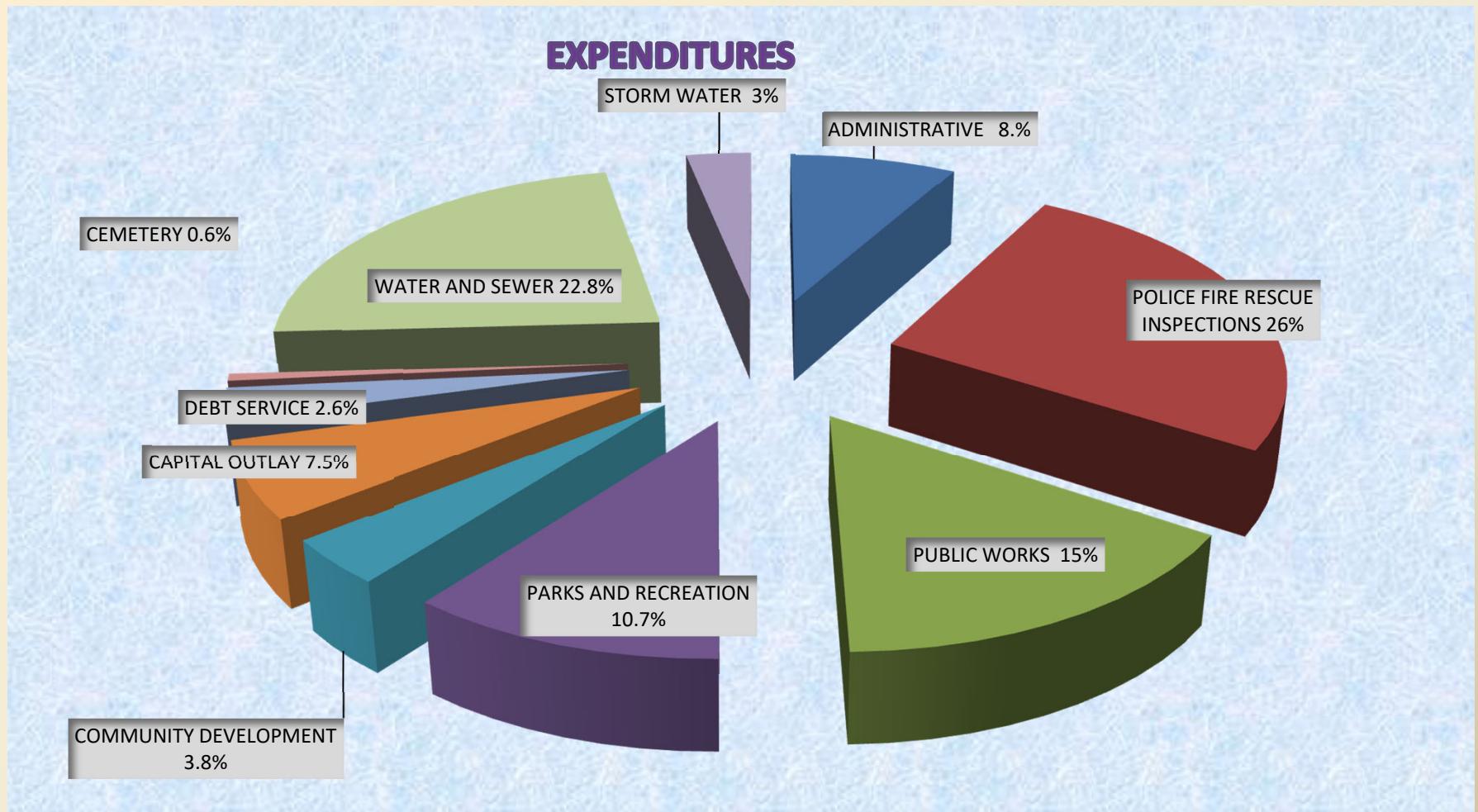
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- WHERE DID THE REVENUE COME FROM



TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

- EXPENDITURES

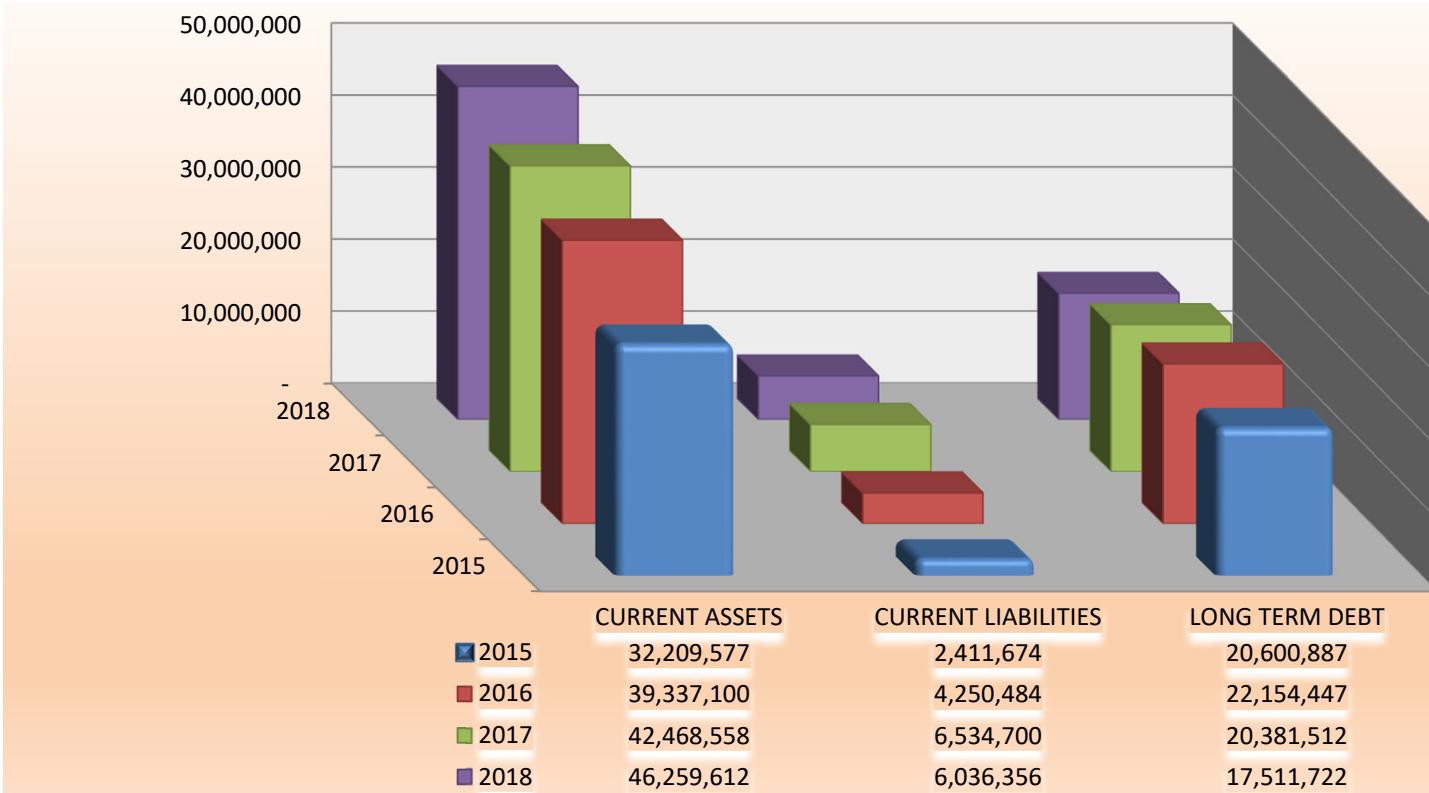


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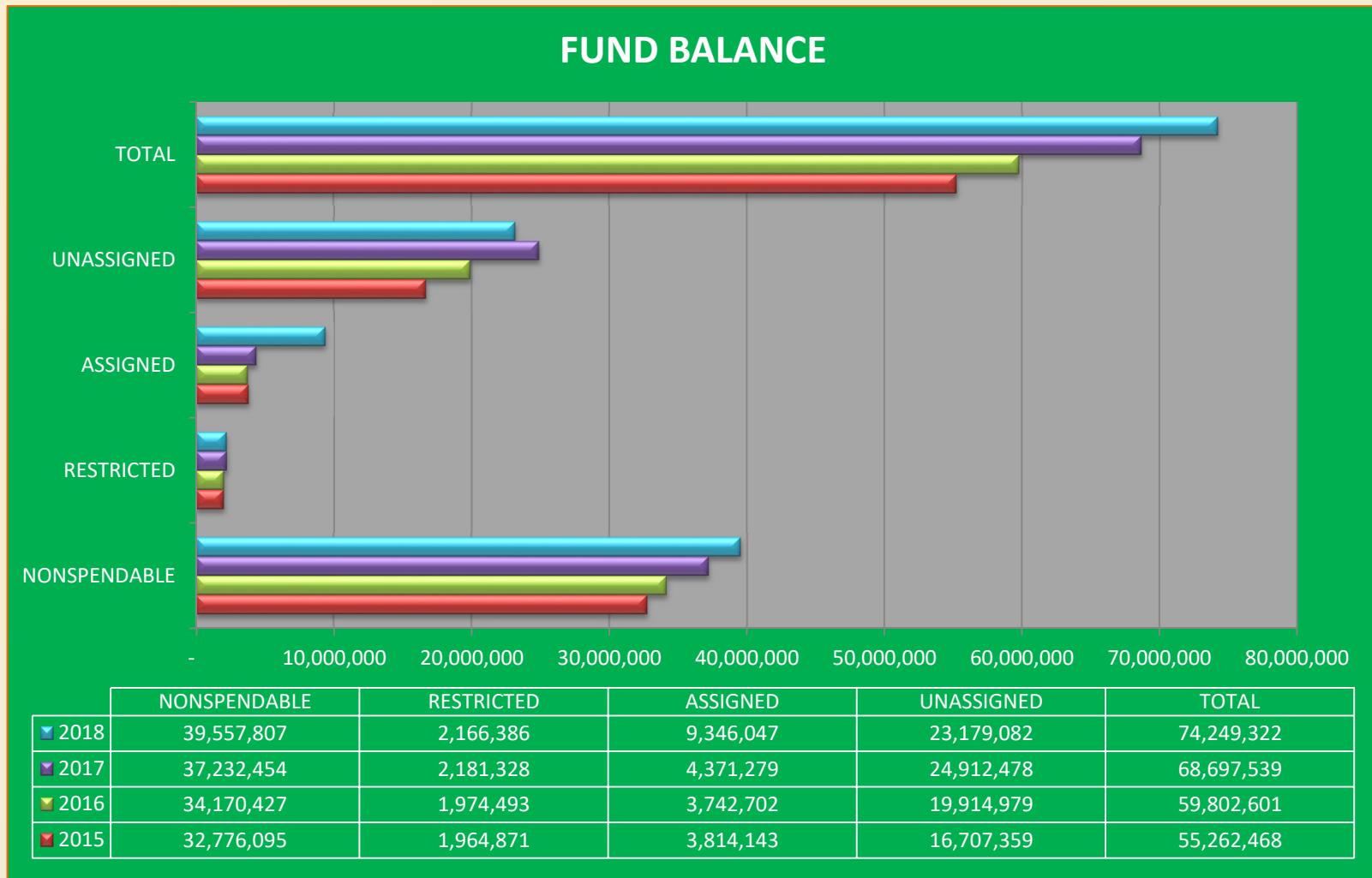
- TOTAL FIXED ASSETS OF THE GOVERNMENT HAVE INCREASED THIS YEAR NET OF DEPRECIATION BY \$726,000
- 2015 \$146,456,298
- 2016 \$170,054,640
- 2017 \$170,568,607
- 2018 \$171,295,123

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ASSETS AND LIABILITIES



TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018



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TOWN OF CHRISTIANSBURG		
FUND BALANCE REVIEW FOR THE YEAR ENDED JUNE 30, 2018		
		ACTUAL
	REFERENCE	6-30-2018
GENERAL FUND EXPENDITURES	AUDIT PG 33	24,081,567
GENERAL FUND SUPPORT OF GRANTS		1,115,378
CEMETERY FUND EXPENDITURES	AUDIT PG 111	229,919
CAPITAL PROJECTS FUNDS	AUDIT PG 111	2,484,701
WATER AND SEWER ENTERPRISE FUND	AUDIT PG 37	9,698,641
STORM WATER ENTERPRISE FUND	AUDIT PG 37	<u>1,196,667</u>
TOTAL EXPENDITURES		<u>38,806,873</u>
LESS CAPITAL EXPENDITURES GENERAL FUND	AUDIT PG 33	1,440,216
LESS CAPITAL EXPENDITURES CEMETERY FUND	worksheet	20,878
LESS CAPITAL PROJECT FUND EXPENDITURES	AUDIT PG 111	2,484,701
TOTAL OPERATING EXPENDITURES		<u>34,861,078</u>
FUND BALANCE UNASSIGNED 6/30/2018	AUDIT PG 31	23,179,082
PERCENTAGE OF EXPENDITURES TO UNASSIGNED		66.49%
FUND BALANCE USED FOR 2019 BUDGET CAPITAL ROLLOVER	BUDGET	5,579,677
PROJECTED 2019 BUDGET MODIFICATION AND OTHER USES		3,031,399
TOTAL FUND BALANCE USES		8,611,076
PERCENTAGE OF EXPENDITURES TO UNASSIGNED		41.79%
NEW ASSIGNMENTS TO RESERVES		925,000
PERCENTAGE OF EXPENDITURES TO UNASSIGNED		
AFTER NEW RESERVES IN 2018 BUDGET		39.14%

FUND BALANCE POLICY

Fund balance Goals General fund

The Town shall seek to maintain unassigned fund balance of between 35-40% of all expenditures in the preceding fiscal year. Expenditures shall include operating expenses (excluding capital) of the general fund, permanent fund and enterprise funds less any unassigned fund balance in the permanent fund and the enterprise fund. If the unassigned fund balance after conclusion of the annual audit exceeds 45% a review shall be conducted and appropriate actions shall be taken. If the unassigned fund balance is less than 30% a plan shall be developed to restore the reserves in an acceptable manner under the circumstances.

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- Our Fund Balance decreased slightly due to additional amounts assigned to reserves and is within our target range. We also completed a number of capital projects in FY 18 and still have many in the works.
- Our unassigned fund balance is at 39.14% after consideration of fund balance use in the FY 2019 budget, additional amounts to reserves and the expected budget modification coming up in the next few weeks.
- Given other considerations that may be coming up this fiscal year this will give us some flexibility with additional uses of reserves if Council deems them appropriate without causing too large of an impact on reserve amounts.

TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

- Overall how did we do and how are we?
 - In general we saw some improvement in all our revenue numbers, growth was small but steady.
 - Revenues were slightly higher than budgeted and expenditures were less than budgeted.
 - Fund balance decreased by \$1.7 million primarily as a result of capital projects completing this year and moving funds to new reserves.
 - Reserves and liquidity are very good.

TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

- Major Initiatives include:

- Infrastructure projects completed:

- The SCADA system was completed for the water system and is nearing completion for Waste Treatment plant and facilities.
 - Church, Rigby, Ellet storm drain.
 - Design work on the Cambria and N. Franklin intersection and N. Franklin corridor are well underway.
 - Quinn Stuart signal will complete very soon and several other design and development projects for traffic signals and sidewalks are getting started.

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- Wayne Nelson will be giving you an update soon on the capital projects status and progress.
- We have received our first draft of the wage study and Dave Brahmstadt will be reviewing that with you very soon.

QUESTIONS?