

TOWN OF CHRISTIANSBURG, VIRGINIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012

TOWN OF CHRISTIANSBURG, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(JULY 1, 2011 TO JUNE 30, 2012)



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
RICHARD G. BALLENGEE

COUNCIL MEMBERS
D. MICHAEL BARBER
R. CORD HALL
STEVE HUPPERT
HENRY SHOWALTER
BRADFORD J. "BRAD" STIPES
JAMES W. "JIM" VANHOOZIER

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
GUYN, MEMMER &
DILLON, P.C.

Town of Christiansburg, Virginia 24073

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

October 26, 2012

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

Section 15.1-167 of the *Code of Virginia*, requires an annual independent audit and report of financial activity of the Town presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Finance Department and Town Manager's Office hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Christiansburg, Virginia for the fiscal year ended June 30, 2012.

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.

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, 2012, 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, 2012, 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 "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements 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 legal requirements, with special emphasis on internal controls and legal requirements

Town of Christiansburg
Letter of Transmittal continued page 2

involving the administration of federal awards. These reports are available in the Town of Christiansburg's separately issued Compliance Reports.

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 of the Mayor and six council members, who enact laws, determine policies and adopt the annual budget. The Council, including the Mayor, is elected at large for four-year overlapping terms. Town Council appoints a Town Manager 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 Blacksburg-Christiansburg-VPI Water Authority, Montgomery Regional Solid Waste Authority, the Virginia Tech-Montgomery Regional Airport Authority, the Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization, and the New River Valley Emergency Communications Regional Authority.

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.

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.

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.

Town of Christiansburg
Letter of Transmittal continued page 4

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in Exhibit G as part of the basic financial statements for the governmental funds. The budget-to-actual comparisons for the other governmental funds are shown in the Required Supplementary Information of the report as Exhibits L and M.

Local Economy

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

The Town of Christiansburg is located along the I-81 corridor in Montgomery County and is the county seat. The Town is the major retail shopping outlet for the surrounding community which includes the City of Radford and the Town of Blacksburg. The City of Radford is home to Radford University and the Town of Blacksburg is home to Virginia Tech. Each university houses a large annual student population and Virginia Tech has a strong and popular football team which attracts thousands of visitors throughout the football season. Christiansburg is also home to the Nationwide Dish Network customer service facility. In October of 2012, BackCountry.com opened a major distribution center in the industrial park which 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 this recessionary period, the Town has continued to increase reserves.

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 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 recently updated to include projectors and microphones allowing taping of monthly meetings so that the citizens may be better informed. 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 years' operations and capital needs. This format provides the governing body with information to assess the sustainability of ongoing operational and capital needs as well as providing changes that may be needed 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 non-operational costs. These fund balances are reviewed each year and appropriate actions are 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 accounts, and money market funds to provide liquidity and to guard against the risk of loss. Through periodic requests from 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 dollars. In 1980, the tax rate was 0.225 per hundred dollars and was reduced in 1983 to 0.175 per hundred dollars and again in 1990 to 0.144 per hundred dollars. The rate was reduced during significant growth and development and increased assessed values. The personal property tax rate is 0.444 per hundred dollars and has not been changed since 1987 when the rate was reduced from 2.25 per hundred dollars. Citizens of Christiansburg are taxed by both the Town and Montgomery County. The County increased its real estate tax rate for 2012 from 0.74 per hundred dollars to 0.87 per hundred dollars. Its personal property tax rate remains unchanged at 2.45 per hundred dollars. 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 Town's annual required contribution was equal to its pension costs this year of \$1,501,056. 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, 2011 was \$11.1 million.

The Town also provides another pension benefit 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 \$ 1,498,425.

The Town also provides its retired employees with at least 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 \$1,258,886 as of the last valuation date of June 30, 2011.

Major Initiatives

During this fiscal year, the Town completed its biomass generator at the waste treatment plant which was funded primarily with grant funds passed down from the federal government to the Virginia Department of Mines, Minerals and Energy. The generator produces electricity to run a portion of the plant by burning the methane gases generated by treatment of waste processed at the facility.

The Town also completed the design for the Huckleberry Trail Bridge that will cross Peppers Ferry Road. The bridge will be constructed by the Virginia Department of Transportation.

This is the first year that the Town has produced a Comprehensive Annual Financial Report (CAFR). In prior years, the Town has issued General Purpose Financial Statements. It is our desire to increase the level of information available to the citizens so that they may be better informed about the Town's operations and activities.

Awards and Acknowledgements

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

Reaccreditation - The Department of Criminal Justice awarded the agency its reaccreditation certification, which accredits the agency for a four year period. The Department was reviewed by the Virginia Law Enforcement Professional Standards Commission in June 2012 and was found to be in compliance with all applicable standards.

Town of Christiansburg

Letter of Transmittal continued page 7

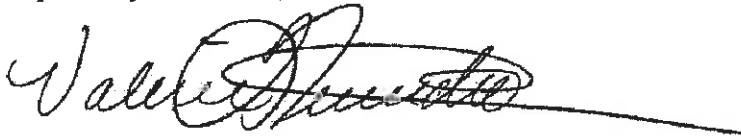
Governors Transportation Safety Award for Occupant Protection - This is awarded by the Virginia Highway Safety Office to one municipal law enforcement agency in Virginia each year. The Christiansburg Police Department received this award for its proactive approach to occupant protection and seat belt usage.

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

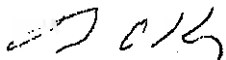
Virginia Law Enforcement Challenge Award - This award is given to the Law Enforcement Agency that initiates the most proactive traffic safety program annually. Agencies are judged on municipal size and the Town was awarded 1st place in Virginia for agencies with 50-75 officers.

The Town would like to express its 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

TOWN OF CHRISTIANSBURG, VIRGINIA

LIST OF PRINCIPAL OFFICIALS

June 30, 2012

MEMBERS OF TOWN COUNCIL

Richard G. Ballengee.....Mayor
D. Michael Barber
Cord Hall
Steve Huppert
Henry Showalter
Bradford J. Stipes
James W. Vanhoozier

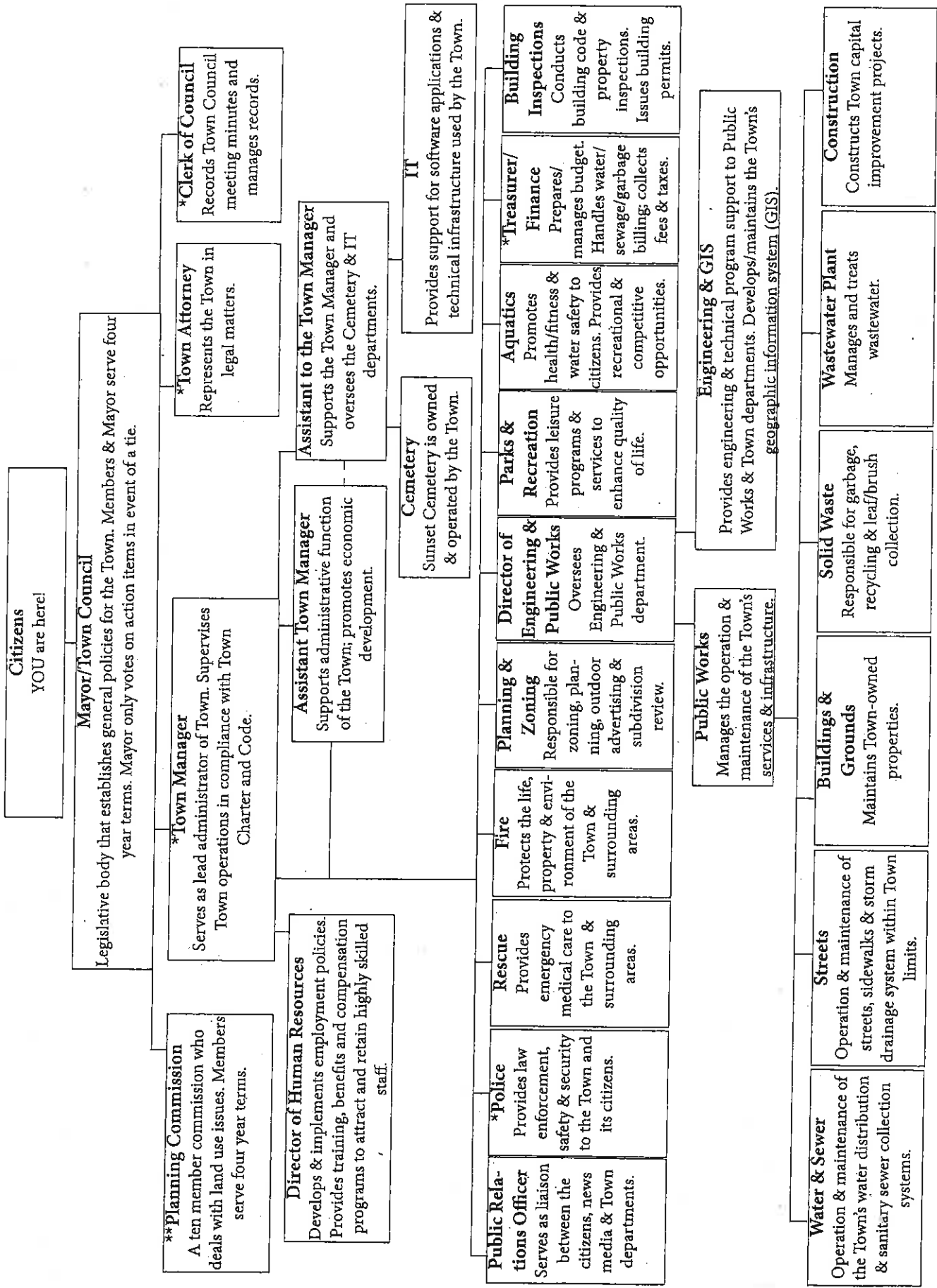
GENERAL TOWN GOVERNMENT

Barry Helms.....Town Manager
Valerie Tweedie, CPA, CFE, CGFM.....Director of Finance
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 & Public Works
Nichole Hair.....Director of Planning
Mark Sisson.....Chief of Police
Brad Epperley.....Director of Parks and Recreation
Becky Wilburn.....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

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Christiansburg, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Christiansburg's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Christiansburg as of June 30, 2012, and the respective changes in financial position and cash flows, thereof, and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012, on our consideration of the Town of Christiansburg's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Virginia Retirement System – Schedule of Funding Progress, Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Special Revenue Fund, and Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Permanent Fund (Cemetery) on pages 4 through 10, 38, 39, and 40 respectively, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Christiansburg's basic financial statements as a whole. The Introductory section and the Statistical Section included in Schedules 1 through 19, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying 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 financial statements. The schedule of expenditures of federal awards is the responsibility of management and it was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Michael B. Cook, CPA, PC

Blacksburg, Virginia
October 26, 2012

**TOWN OF CHRISTIANSBURG, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2012**

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, 2012. It should be read in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total net assets decreased by \$976,245 during the fiscal year, on the government-wide basis. The Town's total net assets, on the government-wide basis, totaled \$148,570,007 at June 30, 2012. Of this amount, \$13,869,343 may be used to meet ongoing obligations to citizens and creditors, \$128,276,986 is invested in capital assets, net of related debt, \$366,676 is restricted for perpetual care in the Cemetery Fund; \$6,057,002 is restricted for other purposes.
- On a government-wide basis for governmental activities, the Town had expenses (including transfers) net of program revenues of \$23,617,577, which totaled \$2,302,848 more than the general revenues, of \$21,314,729.
- At June 30, 2012 the Town's governmental funds balance sheet reported total ending fund balances of \$19,358,800 of which \$498,527 was nonspendable as a part of the cemetery perpetual care and general funds, \$2,214,932 was restricted by law or donor restrictions; \$2,527,638 was assigned to specifics savings for future needs of the Town and \$14,117,703 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 Assets 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 assets and changes that affected net assets during the fiscal year. The change in the Town's net assets, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Increases or decreases in net assets are indicators of whether the Town's financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Town's property

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

In the Statement of Net Assets 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 13 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 14 and 16.

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

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 assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Christiansburg, assets exceeded liabilities by \$148,570,007 at the close of the most recent fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

By far the largest portion of the Town of Christiansburg's net assets (87 percent) reflects its investment in capital assets (e.g., land, buildings and structures, and equipment); less any related debt used to acquire those assets that 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 Assets

The following table presents a condensed summary of net assets:

Summary of Net Assets						
As of June 30, 2012						
(In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 23,805	\$ 21,715	\$ 1,082	\$ 939	\$ 24,887	\$ 22,654
Capital assets, net	107,610	111,857	39,431	38,828	147,041	150,685
Total Assets	131,415	133,572	40,513	39,767	171,928	173,339
Other liabilities	2,521	1,981	872	783	3,393	2,764
Long-term liabilities	13,174	13,569	6,791	7,461	19,965	21,030
Total Liabilities	15,695	15,550	7,663	8,244	23,358	23,794
Net assets:						
Invested in capital assets, net of related debt	95,524	99,222	32,753	31,470	128,277	130,692
Restricted	6,424	6,185	-	-	6,424	6,185
Unrestricted	13,772	12,615	97	53	13,869	12,668
Total Net Assets	\$ 115,720	\$ 118,022	\$ 32,850	\$ 31,523	\$ 148,570	\$ 149,545

The Town's combined net assets decreased from \$149,546,252 to \$148,570,007 as a result of the increase in net assets of Business-type activities in \$1,326,603 and the decrease in Governmental activities of \$2,302,848. This decrease is primarily due to depreciation expense for the year exceeding additions of new assets. Unrestricted net assets, the portion of net assets that can be used to finance the day-to-day operations of the Town, totaled \$13,869,343. 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 assets is \$6,423,679; \$366,676 is restricted for the use of perpetual care in the Cemetery Fund and \$6,057,002 is restricted by law, contract or donor restrictions or has been assigned for specific use.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)**

Summary of Changes in Net Assets

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

**Summary of Changes in Net Assets
For the Fiscal Year Ended June 30, 2012
(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for services	\$ 2,433	\$ 2,207	\$ 6,614	\$ 5,856	\$ 9,047	\$ 8,063
Operating grants and contributions	1,138	307	-	-	1,138	307
Capital grants and contributions	8	1,326	-	-	8	1,326
General Revenues:						
Property taxes	3,076	3,016	-	-	3,076	3,016
Local portion of state sales taxes	1,563	1,547	-	-	1,563	1,547
Business and professional occupational license taxes	2,030	1,895	-	-	2,030	1,895
Utility taxes	505	519	-	-	505	519
Prepared food and beverage taxes	5,623	5,408	-	-	5,623	5,408
Commonwealth share-personal property taxes	229	229	-	-	229	229
Cigarette tax	630	722	-	-	630	722
E-911 and communication taxes	931	980	-	-	931	980
Transient room taxes	920	812	-	-	920	812
Other taxes	1,328	1,229	-	-	1,328	1,229
Permits, Fees and Licenses	190	131	-	-	190	131
Interest and Investment Income	165	254	-	-	165	254
Fines and Forfeitures	127	95	-	-	127	95
Miscellaneous	477	582	147	138	622	720
Cemetery	91	103	-	-	91	103
Payments from Other Governments- State and Federal	3,429	3,434	-	-	3,429	3,434
Total Revenues	24,893	24,796	6,761	5,994	31,654	30,790
Expenses						
General Government	2,220	2,377	-	-	2,220	2,377
Public Safety	8,659	7,298	-	-	8,659	7,299
Public Works	9,380	5,154	-	-	5,561	5,154
Health and Welfare	3	3	-	-	3	3
Parks, Recreation and Cultural	4,564	4,214	-	-	4,564	4,214
Community Development	1,410	1,146	-	-	1,410	1,146
Interest and Fiscal Charges	550	575	-	-	550	575
Water	-	-	6,455	6,370	6,455	6,370
Total Expenses	26,786	20,691	6,455	6,370	33,241	27,138
Capital contributions	-	1,257	610	53	610	1,310
Insurance recoveries	2	49	-	-	2	49
Transfers	(411)	(323)	411	323	-	-
Special item	-	910	-	-	-	910
Increase (Decrease) in Net Assets	(2,302)	5,921	1,327	-	(975)	5,921
Net Assets, Beginning	118,022	112,101	31,523	31,523	149,545	143,624
Net Assets, Ending	\$ 115,720	\$ 118,022	\$ 32,850	\$ 31,523	\$ 148,570	\$ 149,545

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The property tax classification, which comprises approximately 12% of total revenue generated by governmental activities, includes real estate tax, the local portion of personal property tax, machinery & tools tax and public service corporation taxes. Real estate tax revenue, totaled \$2,248,584.

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 53% of total revenues generated for governmental activities and are the largest source of revenue for the Town.

Payments from other Governments – State and Federal comprised approximately 14% of governmental activities revenues. Street maintenance funds and funding received under House Bill 599 for law enforcement are some of the major sources of revenue included in this category.

Charges for services, including items such as recreational fees and garbage collection fees, represent approximately 10% of the governmental activities revenues.

Public Safety expenses comprised approximately 38% 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 24% 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 20% of governmental activities expenses.

An additional \$410,640 in cash was transferred from the General Fund to the Water/Sewer Fund during the fiscal year ending June 30, 2012.

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

The net assets of business-type activities increased \$1,326,603 primarily from the contributed capital from grants for the biomass generator at the waste treatment plant and grants in aid of construction totaling \$757,632 and the purchase of capital assets funded by the general fund.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

For the fiscal year ended June 30, 2012, the governmental funds reflect a total fund balance of \$19,358,800. Of this amount, \$14,117,703 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 \$1,782,539 during the fiscal year ending June 30, 2012 primarily due to not expending some budgeted funds as management saw weak revenues emerging during the year and put constraints on spending.

Local taxes generated the majority of General Fund revenue, totaling approximately \$16,448,783 in fiscal year ending June 30, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Intergovernmental revenue is the second largest source of General Fund revenues, generating approximately \$3,802,224 in fiscal year ending June 30, 2012. The majority of this revenue is received from the Commonwealth and includes reimbursement for law enforcement funding received under House Bill 599, and street maintenance funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues were less than the budgeted revenues by \$2,346,126 due to slightly lower collections in a number of categories than anticipated.

General Fund expenditures were less than the budgeted amount by \$2,060,153 for general operations. Actual expenses for all departments were reduced due to constraints on spending with the slowing recovery.

CAPITAL ASSETS

As of June 30, 2012, the Town's capital assets for its governmental and business-type activities amounted to \$147,040,426 (net of accumulated depreciation). This investment includes land, streets and highways, construction in progress, land improvements, buildings and structures, vehicles, equipment, infrastructure and bond issue costs. The total net increase (additions less retirements and depreciation) in the Town's investment in capital assets for the current fiscal year was \$173,357.

Capital Assets, Net of Depreciation (In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Land	\$ 2,699	\$ 2,664	\$ 12	\$ 12	\$ 2,711	\$ 2,676
Construction in Progress	308	414	-	-	308	414
Streets & Highways	72,551	76,370	-	-	72,551	76,370
Land Improvements	1,713	1,863	-	-	1,713	1,863
Buildings & Structures	25,651	25,953	19,138	19,167	44,789	45,120
Equipment	2,610	2,732	20,281	19,649	22,891	22,380
Vehicles	681	569	-	-	681	569
Infrastructure	1,265	1,155	-	-	1,265	1,155
Bond Issue Cost	132	138	-	-	132	138
Total	\$ 107,610	\$ 111,858	\$ 39,431	\$ 38,828	\$ 147,041	\$ 150,685

The changes in each category of Capital Assets are presented in detail in note 7 to the Basic Financial Statements.

Major capital asset events during the fiscal year included the following:

Construction in Progress – Major sewer and water main construction for the Miller and Allegany Streets will continue through 2013. The Hills water tower and the Cambria water tower were rehabilitated in 2012.

LONG-TERM DEBT

At June 30, 2012, the Town's long-term liabilities, not including compensated absences, landfill closure, bond premiums and postclosure care costs payable, totaled \$18,763,440 comprised of \$12,085,000 related to governmental activities, and \$6,678,440 related to business-type activities. Total debt decreased by \$1,230,252 during the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 only, as long-term liabilities of business-type funds will be met by revenues generated by those funds. The Town's governmental activity debt of \$12,085,000 is well below the legal debt limit of \$190,277,130 (see Schedule 13 of Statistical Section).

Interest and fiscal charges for fiscal year ending June 30, 2012 were \$536,163 of the total governmental activities expenses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic outlook during 2012 was somewhat improved over 2011 and 2010; however, management does not see the level of improvement originally anticipated. The employment rate for Montgomery County in the past fiscal year has shown little change. The unemployment rate has remained at 6.8% since September 2011. The unemployment rate for the State of Virginia is at 5.9% as of August 2012.

Another indicator of the state of the economy is sales tax revenue, which is directly proportional to retail sales. Retail sales did increase at a slow rate through 2012; however, due to a 2% reduction in the portion distributed to the Town, the Town only experienced a \$15,580 increase in revenue. The reduction was due to a decreased percentage of school age children in the Town as determined by the 2010 census. The economic indication is that sales are improving, signifying some overall improvement in the economy. Revenues are still about 3% below the pre-recession levels.

Also, transient lodging tax revenue increased \$106,890, or 13%, and prepared meals tax revenue increased \$209,490, or 4%. The revenue numbers for meals and lodging tax now slightly exceed 2009 levels.

In the fiscal year ending June 30, 2011, the Town experienced a 36% decrease in building permits for new residential units compared to fiscal year 2009-2010. For the current fiscal year, the Town experienced a 55% increase in permits over the prior year. This is another indication that the overall economy is improving.

These signals seem to indicate that the economy in our area is stabilizing to some extent with very small growth in a few areas. 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 2012-2013 budget includes a rate increase for water and sewer fees to help offset the deficit in the enterprise fund and continues to have conservative estimates of revenue based on the state of the economy. We have anticipated only moderate improvement in the economy and hence 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 ASSETS
AS OF JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 5,502,368	\$ -	\$ 5,502,368
Cash and Cash Equivalents, reserved	3,706,406	-	3,706,406
Cash and Cash Equivalents, restricted	1,501,252	-	1,501,252
Investments - short-term	9,517,619	-	9,517,619
Receivables (net of allowance for uncollectibles)	3,159,612	1,058,096	4,217,708
Prepaid Items	132,384	23,949	156,333
Due from Other Governments	285,876	-	285,876
Total Current Assets	23,805,517	1,082,045	24,887,562
Capital Assets (net of accumulated depreciation):			
Land	2,698,628	12,500	2,711,128
Land Improvements	1,712,831	-	1,712,831
Buildings and Structures	25,650,979	19,138,171	44,789,150
Machinery and Equipment	2,609,747	20,280,692	22,890,439
Vehicles	680,613	-	680,613
Infrastructure	1,265,225	-	1,265,225
Construction in Progress	308,209	-	308,209
Streets and Highways	72,550,712	-	72,550,712
Bond Issue Cost (net of amortization)	132,119	-	132,119
Total Capital Assets, Net	107,609,063	39,431,363	147,040,426
Total Assets	131,414,580	40,513,408	171,927,988
Liabilities			
Accounts Payable	1,758,911	1,420	1,760,331
Consumer Deposits	-	321,499	321,499
Due to Water Authority	-	424,590	424,590
Salaries Payable	531,144	56,251	587,395
Accrued General Obligation Bond Interest	-	68,425	68,425
Interest Payable	226,229	-	226,229
Deferred Revenue	5,022	-	5,022
Long-Term Liabilities:			
Bond Premium	60,734	-	60,734
Due within one year	638,800	817,443	1,456,243
Due in more than one year	12,218,563	5,973,843	18,192,406
Other Post-Employment Benefits	255,107	-	255,107
Total Liabilities	15,694,510	7,663,471	23,357,981
Net Assets			
Invested in Capital Assets, Net of Related Debt	95,524,065	32,752,921	128,276,986
Restricted for:			
Cemetery Perpetual Care	366,676	-	366,676
Other Functions	6,057,002	-	6,057,002
Unrestricted	13,772,327	97,016	13,869,343
Total Net Assets	\$ 115,720,070	\$ 32,849,937	\$ 148,570,007

See accompanying notes to financial statements.

TOWN OF CHRISTIANBURG

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,220,167	\$ -	\$ -	\$ -
Public Safety	8,658,968	-	1,137,981	8,316
Public Works	9,379,197	1,431,840	-	-
Health and Welfare	3,193	-	-	-
Parks, Recreation, and Culture	4,564,487	1,001,541	-	-
Community Development	1,409,722	-	-	-
Interest on Long-Term Debt	550,881	-	-	-
Total Governmental Activities	26,786,615	2,433,381	1,137,981	8,316
Business-Type Activities:				
Water and Sewer	6,455,176	6,613,507	-	-
Total Business-Type Activities	6,455,176	6,613,507	-	-
Total Primary Government	\$ 33,241,791	\$ 9,046,888	\$ 1,137,981	\$ 8,316

General Revenues:

Taxes:

Property

Sales

Prepared Meal

Other

Permits, Fees and Licenses

Revenues From Use of Property

Investment Earnings

Intergovernmental

Fines and Forfeitures

Cemetery

Other

Grants in Aid of Construction

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, July 1, 2011

Net Assets, June 30, 2012

See accompanying notes to financial statements.

Net (Expense) Revenue and Change in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(2,220,167)	\$ -	\$ (2,220,167)
(7,512,671)	-	(7,512,671)
(7,947,357)	-	(7,947,357)
(3,193)	-	(3,193)
(3,562,946)	-	(3,562,946)
(1,409,722)	-	(1,409,722)
(550,881)	-	(550,881)
(23,206,937)	-	(23,206,937)
-	158,331	158,331
-	158,331	158,331
\$ (23,206,937)	\$ 158,331	\$ (23,048,606)
3,076,838	-	3,076,838
1,562,926	-	1,562,926
5,622,786	-	5,622,786
6,197,402	-	6,197,402
190,405	-	190,405
218,058	-	218,058
222,813	-	222,813
3,660,452	-	3,660,452
126,702	-	126,702
90,860	-	90,860
345,487	147,369	492,856
-	610,263	610,263
(410,640)	410,640	-
20,904,089	1,168,272	22,072,361
(2,302,848)	1,326,603	(976,245)
118,022,918	31,523,334	149,546,252
\$ 115,720,070	\$ 32,849,937	\$ 148,570,007

TOWN OF CHRISTIANBURG

Exhibit C

GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2012

	General	Cemetery	Special Revenue	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 5,868,511	\$	\$	\$ 5,868,511
Cash and Cash Equivalents, reserved	3,010,767			3,010,767
Cash and Cash Equivalents, restricted			1,501,252	1,501,252
Investments - short-term	9,151,476	366,143	329,496	9,847,115
Receivables, net				
Taxes, including penalties (net of allowance of \$45,107)	92,287			92,287
Accounts (net of allowance of \$59,340)	915,687			915,687
Prepaid Items	131,851	533		132,384
Due from Other Funds	98,284			98,284
Due from Other Governments	239,124		46,752	285,876
Total Assets	19,507,987	366,676	1,877,500	21,752,163
Liabilities				
Accounts Payable	1,749,828	238	8,845	1,758,911
Salaries Payable	527,981	2,642	523	531,146
Due to Other Funds			98,284	98,284
Deferred Revenue	1,976		3,046	5,022
Total Liabilities	2,279,785	2,880	110,698	2,393,363
Fund Balance				
Nonspendable	131,851	366,676		498,527
Restricted	448,130		1,766,802	2,214,932
Committed				
Assigned	2,527,638			2,527,638
Unassigned	14,120,583	(2,880)		14,117,703
Total Fund Balance	17,228,202	363,796	1,766,802	19,358,800
Total Liabilities and Fund Balance	\$ 19,507,987	\$ 366,676	\$ 1,877,500	\$ 21,752,163

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2012

Fund Balances-total governmental funds		\$	19,358,800
Amounts reported for governmental activities in the Statement of Net Assets 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			2,151,638
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:			
Governmental capital assets	\$	129,808,342	
Less: accumulated depreciation and amortization		<u>(22,259,277)</u>	107,609,065
Compensated absences are not due and payable in the current year and therefore are not reported in the governmental funds.			(637,996)
Landfill closure and postclosure care cost are not due and payable in the current year and therefore are not reported in the governmental funds.			(134,367)
Accrued merit/sick pay (OPEB) are not due and payable in the current year and therefore are not reported in the governmental funds.			(255,106)
Interest payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.			(226,229)
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 Assets.			(60,734)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:			
2007 Revenue Bond		(1,710,000)	
2004 Revenue Bond		(9,595,000)	
1995 General Obligation Note		<u>(780,000)</u>	(12,085,000)
Net Assets of Governmental Activities		\$	<u>115,720,070</u>

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	General	Cemetery	Special Revenue	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 3,065,669	\$	\$	\$ 3,065,669
Sales	1,562,926			1,562,926
Prepared Meal	5,622,786			5,622,786
Other	6,197,402			6,197,402
Permits, Privilege Fees and Regulatory Licenses	190,405			190,405
Fines and Forfeitures	126,702			126,702
Revenues from Use of Property	218,058			218,058
Investment Earnings	195,346	6,929	20,538	222,813
Charges for Services	2,433,381	62,955		2,496,336
Intergovernmental	3,802,224		1,004,525	4,806,749
Cemetery		27,905		27,905
Other	223,909	500	118,758	343,167
Total Revenues	23,638,808	98,289	1,143,821	24,880,918
Expenditures:				
General Government Administration	1,855,373			1,855,373
Public Safety	7,052,940		524,916	7,577,856
Public Works	4,859,519			4,859,519
Health and Welfare	3,193			3,193
Parks, Recreation and Culture	3,569,779	137,641		3,707,420
Community Development	1,276,907			1,276,907
Capital Outlay	1,792,966	8,623	936,535	2,738,124
Debt Service:				
Principal Retirement	550,000	-	-	550,000
Interest and Fiscal Charges	561,175	-	-	561,175
Total Expenditures	21,521,852	146,264	1,461,451	23,129,567
Excess of Revenues over Expenditures	2,116,956	(47,975)	(317,630)	1,751,351
Other Financing Sources (Uses):				
Insurance Recoveries	2,321			2,321
Transfers (to) from:				
Water and Sewer Fund	(226,084)			(226,084)
Special Revenue Fund	(58,097)		58,097	
Cemetery Fund	(52,557)	52,557		
Total Other Financing Sources (Uses)	(334,417)	52,557	58,097	(223,763)
Net Changes in Fund Balance	1,782,539	4,582	(259,533)	1,527,588
Fund Balance, July 1, 2011	15,445,663	359,214	2,026,335	17,831,212
Fund Balance, June 30, 2012	\$ 17,228,202	\$ 363,796	\$ 1,766,802	\$ 19,358,800

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, 2012

Net Change in Fund Balances - total governmental fund		\$ 1,527,588
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 taxes receivable		11,169
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	\$ 1,263,953	
Less: current year depreciation	<u>(5,321,531)</u>	(4,057,579)
Governmental funds report an increase in compensated absences as an expenditure. However, in the Statement of Net Assets the addition increases long-term liabilities.		
		(71,245)
Governmental funds report the decrease in post closure care costs as an expenditure. However, in the Statement of Net Assets the reductions reduce long-term liabilities.		
		8,216
Governmental funds report repayment of bond principal as an expenditure. However, in the Statement of Net Assets the repayment reduces long-term liabilities.		
		550,000
Governmental funds report premiums on bonds as other financing sources and uses. However, in the Statement of Net Assets these bonds are reported as a long-term liability.		
		4,049
Governmental funds do not include amortization as an expenditure. However, bond issue costs are capitalized and amortized over the life of the bond on the Statement of Revenues, Expenditures and Changes in Fund Balances.		
Current year amortization		(5,894)
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.		
		10,294
Accrued merit/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.		
		(94,890)
Transfer of project in progress during prior fiscal year to the Enterprise Fund. The project was reported as an expenditure in the Special Revenue Fund in the prior year and is now reported as a capitalized asset in the Enterprise Fund.		
		(184,556)
Change in Net Assets of Governmental Activities		<u>\$ (2,302,848)</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND (modified accrual basis of accounting)
 YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues (Inflows):				
General Property Taxes	\$ 2,924,750	\$ 2,924,750	\$ 3,065,633	\$ 140,919
Consumer Utility Taxes	526,000	526,000	505,666	(20,334)
Business License Taxes	1,864,000	1,864,000	2,030,444	166,444
Franchise License Taxes	166,200	166,200	151,668	(14,532)
Motor Vehicle Licenses	465,000	465,000	460,334	(4,666)
Bank Franchise Taxes	490,000	490,000	567,766	77,766
Transient Lodging Taxes	841,800	841,800	919,744	77,944
Prepared Meal Tax	5,630,000	5,630,000	5,622,786	(7,214)
Cigarette Tax	750,000	750,000	630,371	(119,629)
Building and Zoning Fees	209,000	209,000	190,405	(18,595)
Court and Parking Fines	103,000	103,000	126,702	23,702
Interest	166,000	166,000	195,346	29,346
Rentals and Sale of Surplus Items	226,000	226,000	218,058	(7,942)
Solid Waste Service	1,339,000	1,339,000	1,431,840	92,840
DPR Fees and Contributions	1,047,708	1,047,708	1,010,445	(37,263)
Miscellaneous	168,050	168,050	215,005	46,955
Non-Categorical:				
State Aid (ABC), etc.	1,324,500	1,324,500	1,303,742	(20,758)
Sales Tax	1,600,000	1,600,000	1,562,926	(37,074)
DJCP Grants	-	-	5,907	5,907
Emergency Service Grants	46,000	46,000	56,247	10,247
Street Maintenance Payments	2,833,500	2,833,500	2,938,593	105,093
Litter Control Grant	-	-	9,324	9,324
Law Enforcement Funds	416,700	416,700	416,572	(128)
National Guard Armory	3,000	3,000	3,248	248
Non-Revenue Receipts	30,000	30,000	2,321	(27,679)
Total Revenues	23,170,208	23,170,208	23,641,129	470,921
Expenditures (Outflows):				
Current:				
General Government Administration	2,389,178	2,389,178	2,066,980	(322,198)
Police Department	5,771,216	5,771,216	5,632,724	(138,492)
Volunteer Fire Department	1,118,526	1,118,526	922,387	(196,139)
Lifesaving and Rescue	889,733	889,733	814,457	(75,276)
Inspections	317,128	317,128	309,760	(7,368)
Street Department	4,861,607	4,861,607	4,099,141	(762,466)
Solid Waste Service	1,292,416	1,292,416	1,186,605	(105,811)
Building and Grounds	118,064	118,064	93,894	(24,170)
National Guard Armory	29,532	29,532	13,428	(16,104)
Municipal Building	106,839	106,839	95,238	(11,601)
Municipal Shop	203,032	203,032	177,703	(25,329)
Welfare/Social Services	3,193	3,193	3,193	-
Parks and Recreation	2,062,814	2,062,814	1,707,790	(355,024)
Aquatic Center	1,923,762	1,923,762	1,970,269	46,507
Library	15,000	15,000	15,000	-
Planning/Community Development	660,597	660,597	585,370	(75,227)
Engineering	708,193	708,193	716,738	8,545
Debt Service	1,111,175	1,111,175	1,111,175	-
Total Expenditures	23,582,005	23,582,005	21,521,852	(2,060,153)
Excess of revenues over expenditures	(411,797)	(411,797)	2,119,277	(2,531,074)
Other financing (sources) uses:				
Transfers	602,755	602,755	336,738	266,017
Total other financing (sources) uses	602,755	602,755	336,738	266,017
Net change in fund balances	(1,014,552)	(1,014,552)	1,782,539	2,797,091
Fund balance at beginning of year	\$ 15,662,910	\$ 15,759,821	\$ 15,445,663	\$ -
Fund balance at end of year	\$ 14,648,358	\$ 14,745,269	\$ 17,228,202	\$ 2,797,091

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, 2012

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,	\$ 23,641,129
Insurance recoveries are inflows of budgetary resources but are not revenues for financial reporting purposes (Exhibit E).	(2,321)
Total general fund revenues as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u>\$ 23,638,808</u>

Uses/Outflows of Resources:

Actual amount of "other financing (sources) uses" from the budgetary comparison statement,	\$ 336,738
Insurance recoveries are inflows of budgetary resources but are not revenues for financial reporting purposes (Exhibit E).	(2,321)
Total general fund "other financing sources and uses" as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u>\$ 334,417</u>

TOWN OF CHRISTIANSBURG

Exhibit H

PROPRIETARY FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

Business-type
Activities -
Enterprise Fund

Water and Sewer
Fund

Assets

Current Assets:

Accounts Receivable (Net of Allowance for
Uncollectible Accounts of \$177,525)

\$ 1,058,096

Prepaid Items

23,949

Total Current Assets

1,082,045

Non-Current Assets:

Water System

12,461,519

Equipment

3,473,850

Waste Water System

17,673,902

Waste Water Treatment Plant

32,157,774

Less: Allowance for Depreciation

(26,335,684)

Total Non-Current Assets

39,431,361

Total Assets

40,513,406

Liabilities

Current Liabilities:

Accounts Payable

1,420

Accrued General Obligation Bond Interest

68,425

Consumer Deposits

321,499

Due to Water Authority

424,590

Current Maturities VA Revolving Loan Fund

704,598

Salaries Payable

56,250

Compensated Absences

112,845

Total Current Liabilities

1,689,627

Long-Term Liabilities:

VA Revolving Loan Fund

5,973,842

Total Long-Term Liabilities

5,973,842

Total Liabilities

7,663,469

Net Assets

Invested in Capital Assets, Net of Related Debt

32,752,921

Unrestricted Assets

97,016

Total Net Assets

\$ 32,849,937

See accompanying notes to financial statements.

PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Fund
	Water and Sewer Fund
Operating Revenues:	
Charges for Services:	
Water and Sewer Service Fees	\$ 6,265,568
Water and Wastewater Connection Fees	347,939
Penalties and Other	147,368
Total Operating Revenues	<u>6,760,875</u>
Operating Expenses:	
Salaries and Wages	1,575,967
Employee Benefits	240,684
Water Authority Purchases	1,469,252
Utilities	272,363
Repairs and Maintenance	228,393
Depreciation and Amortization	1,611,172
Materials and Supplies	562,506
General and Administrative	247,278
Total Operating Expenses	<u>6,207,615</u>
Operating Income (Loss)	553,260
Nonoperating Revenues (Expenses):	
Interest and Fiscal Charges	(247,560)
Total Nonoperating Revenues (Expenses)	<u>(247,560)</u>
Income (loss) before contributions and transfers	305,700
Capital Contributions	794,819
Transfers In (Out)	<u>226,084</u>
Change in Net Assets	1,326,603
Net Assets, July 1, 2011	<u>31,523,334</u>
Net Assets, June 30, 2012	<u>\$ 32,849,937</u>

See accompanying notes to financial statements.

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Fund
	Water & Sewer Fund
Cash Flows from Operating Activities	
Cash Received From:	
Customers	\$ 6,702,729
Cash Paid to/for:	
Employees	(1,749,284)
Supplies and Services	(2,781,809)
Net Cash Flows from Operating Activities	2,171,636
Cash Flows from Non-Capital Financing Activities	
Transfer from General Fund	226,084
Interfund borrowing	(44,078)
Net Cash Flows from Non-Capital Financing Activities	182,006
Cash Flows from Capital and Related Financing Activities	
Payment of Principal	(680,252)
Interest on Debt	(254,109)
Purchase of Fixed Assets	(1,419,281)
Net Cash Flows from Capital and Related Financing Activities	(2,353,642)
Cash Flows from Investing Activities	
None	-
Net Cash Flows from Investing Activities	-
Net Change in Cash and Cash Equivalents	-
Cash and Cash Equivalents, July 1, 2011	-
Cash and Cash Equivalents, June 30, 2012	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Flows	
From Operating Activities:	
Operating Income (Loss)	\$ 553,259
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and Amortization	1,611,172
Change in Current Assets and Current Liabilities	
(Increase) Decrease in Current Assets:	
Accounts Receivable	(75,665)
Prepaid Items	(23,793)
Accounts Payable	74
Due to Water Authority	21,704
Consumer Deposits	17,518
Compensated Absences	11,117
Salaries Payable	56,250
Net Cash Flows from Operating Activities	\$ 2,171,636
Noncash Investing, Capital, and Financing Activities:	
Contributed Capital - Grants in Aid of Construction	\$ 794,819

See accompanying notes to financial statements.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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:

Blacksburg-Christiansburg-VPI Water Authority

The Blacksburg-Christiansburg-VPI 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, and the Town of Blacksburg. Each governing body appoints one member of the five-member board of directors. Two at-large members are appointed by joint resolution of each of the member localities. 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 2012, the Town paid \$1,448,992 to the water authority and has a fiscal year end liability of \$424,590 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 new permitted landfill. The Town paid \$426,229 in tipping fees during fiscal year 2012.

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 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 Authority is payable solely from its revenues and is not an obligation of the Town. During fiscal year 2012, 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 area. 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 2012, the Town paid \$8,131 toward operations of the MPO.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

A. The Financial Reporting Entity (continued)

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 will provide 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 2012, the Town paid \$55,000 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. Beginning with year end June 30, 2011, 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 that have been designated by Town Council resolution or by town ordinance. These funds may only be spent for the purpose intended by the resolution or ordinance and can only be uncommitted by the same action taken to commit the funds.
- 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 would be assigned fund balance as well as any net resources remaining in the special revenue funds.
- 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.

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.

The Town Manager, in consultation with the Director of Finance and Town Council, shall determine funds to be classified as assigned.

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:

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, liabilities, 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.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

I. Summary of Significant Accounting Policies (continued)

B. Financial Statement Presentation (continued)

Statement of Net Assets - 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 assets, 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 consists 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.

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 GASB 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 interest portion of the trust can be used to maintain the community cemetery. On April 1, 2008 the Town took over control of the Town's 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, 2012 the operational support totaled \$52,557.

Budget and Actual Comparison Statement - This statement is presented to demonstrate whether resources were obtained and used in accordance with the government's legally adopted budget. The Town may revise the original budget 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. 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.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

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 assets as reported on the Statement of Net Assets (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 assets 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).

D. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, certificates of deposit, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

E. Investments

Investments are stated at fair value.

F. Allowance for Uncollectible Taxes and Accounts Receivable

The Town calculates its allowance for uncollectible receivables based on historical collection data. At June 30, 2012, the allowances for uncollectible taxes and accounts receivable were \$104,448 for the General Fund and \$177,525 for the Enterprise Fund.

G. Property Taxes

Property taxes are assessed at their value on January 1. Real estate tax is payable in one installment on December 5. On January 1, real property taxes become an enforceable lien against the property. Personal property tax is 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 \$.1126 per \$100 of assessed value for the year. The personal property tax rate was \$.444 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 60% for fiscal year 2012. Business furniture, fixtures, and machinery and tools taxes are assessed at a rate of \$.444 per \$100 of assessed valuation.

H. Deferred Revenues

Deferred revenue consists primarily of grant awards received during the fiscal year but not recognized as revenue due to the full award not being expended as of June 30, 2012.

I. 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, construction-in-progress, or streets and highways.

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.

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

1. Summary of Significant Accounting Policies (continued)

I. Capital Assets (continued)

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

J. 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.

K. 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 net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

L. Budgets and Budgetary Accounting

The Town adheres to the following procedures in establishing the budgetary data reflected in the Budget and Actual Comparison Statement (Exhibit G):

- a. The Town Manager, in coordination with the Finance Committee, prepares the budget and the Finance Committee presents it to the Town Council.
- b. Legal notice of the public hearing is published in the newspaper at least 10 days prior to the hearing. Notice contains information as to date, place, and time, and solicits citizen attendance or written comments at the hearing with a synopsis of the budget.
- c. The public hearing is held at least seven days (State Code 15.1-162 as amended) prior to approval of the budget.
- d. Budget is approved at least seven days after public hearing, and no later than the beginning of the new fiscal year. Council sets tax rates for real estate and personal property.
- e. 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.

M. 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.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

2. Compensated Absences

The Town's liability at June 30, 2012 for these compensated absences was:

	Current Portion	Long-Term Portion	Total
General Fund	\$ 63,800	\$ 574,196	\$ 637,996

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 \$566,752 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, 2012, the liabilities for compensated absences of the enterprise fund were \$112,845.

3. Deposits and Investments

Deposits

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

At year end, the carrying value of the Town's deposits with banks and savings institutions was \$20,745,870. Of the Town's bank balances, \$20,745,870 was covered by Federal depository insurance or collateralized as required by the Virginia Security for Public Deposit Accounts.

Investments

Town and State statute (Code of Virginia, Chapter 3, Title 26) authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes; bankers' acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Town currently invests its funds only in banks located within the Town of Christiansburg and investments are limited to certificates of deposit and money market funds as summarized below:

Investment Type	Fair Value
Certificates of Deposit	\$ 9,517,619
Money Market	\$ 3,116,887
Total Investments	\$ 12,634,506

Specific risks for these investments are summarized below:

Credit Risk - Funds are deposited with local banks in good standing.

Concentrations of Credit Risk - Town policy does not set a limit on the amount that may be invested in any single institution but investments and deposits are monitored for such risks.

Interest Rate Risk - As a means of limiting exposure to fair value losses resulting from increasing or decreasing interest rates, maturities and other accounts are monitored and rebid for possible improvement in rates.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

4. Receivables

Receivables as of June 30, 2012 consisted of the following:

Governmental Activities:

	General	Special Revenue	Totals
Receivables			
Taxes	\$ 2,332,943	\$ -	\$ 2,332,943
Due from Government	239,124	46,752	285,876
Accounts	975,027	-	975,027
Gross Receivables	3,547,095	46,752	3,593,847
Less: Allowance for Doubtful Accounts	(148,359)	-	(148,359)
Receivables, net	\$ 3,398,736	\$ 46,752	\$ 3,445,488

Business-type Activities:

Receivables	Water & Sewer
Accounts	1,235,621
Less: Allowance for Doubtful Accounts	(177,525)
Receivables, net	\$ 1,058,096

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.

5. Interfund Receivables, Payables and Transfers

Interfund transfers consist of the following at June 30, 2012:

	Transfers in:		
	Water & Sewer Fund	Special Revenue Fund	Permanent (Cemetery) Fund
<u>Transfer out:</u>			
General Fund	\$ 226,084	\$ 58,097	\$ 52,557

Amounts due from/to other funds consist of the following at June 30, 2012:

	Due from:		
	Water & Sewer Fund	Special Revenue Fund	General Fund
<u>Due to:</u>			
General Fund	\$ -	\$ 98,284	\$ -

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

- Amounts due to the general fund represent short-term interfund advances for operating or capital needs.

6. Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2012 are as follows:

	Governmental Activities
Federal grants - direct	\$ -
Commonwealth of Virginia grants (Includes federal pass-through awards)	46,752
Other:	
Sales tax	239,124
	\$ 285,876

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

7. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

<u>Governmental Activities</u>	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
<u>Capital Assets, not depreciated:</u>				
Land	\$ 2,664,092	\$ 34,536	\$ -	2,698,628
Construction in Progress	413,907	93,925	(199,623)	308,209
Total Capital Assets, not depreciated	3,077,999	128,461	(199,623)	3,006,837
<u>Capital Assets, depreciated:</u>				
Buildings and Structures	28,422,138	285,258	-	28,707,396
Accumulated Depreciation	(2,468,582)	(587,835)	-	(3,056,417)
Net Buildings and Structures	25,953,556	(302,577)	-	25,650,979
Infrastructure	3,134,120	185,217	-	3,319,337
Accumulated Depreciation	(1,979,527)	(74,585)	-	(2,054,112)
Net Infrastructure	1,154,593	110,632	-	1,265,225
Machinery and Equipment	12,444,101	331,131	-	12,775,232
Accumulated Depreciation	(9,712,727)	(452,758)	-	(10,165,485)
Net Machinery and Equipment	2,731,374	(121,627)	-	2,609,747
Land Improvements	2,257,917	-	-	2,257,917
Accumulated Depreciation	(394,558)	(150,528)	-	(545,086)
Net Land Improvements	1,863,359	(150,528)	-	1,712,831
Vehicles	2,889,686	348,951	-	3,238,637
Accumulated Depreciation	(2,320,657)	(237,367)	-	(2,558,024)
Net Vehicles	569,029	111,584	-	680,613
Streets and Highways	76,369,171	-	-	76,369,171
Accumulated Depreciation	-	(3,818,459)	-	(3,818,459)
Net Streets and Highways	76,369,171	(3,818,459)	-	72,550,712
Bond Issue Cost	176,814	-	-	176,814
Accumulated Amortization	(38,801)	(5,894)	-	(44,695)
Net Bond Issue Cost	138,013	(5,894)	-	132,119
Total Capital Assets Being Depreciated	125,693,947	1,150,557	-	126,844,504
Less: Accumulated Depreciation and Amortization	(16,914,852)	(5,327,425)	-	(22,242,277)
Net Total Capital Assets, depreciated	108,779,095	(4,176,868)	-	104,602,227
Governmental Activities, Capital Assets, Net	\$ 111,857,094	\$ (4,048,407)	\$ (199,623)	\$ 107,609,064
<u>Business-type Activities</u>				
<u>Capital Assets, not depreciated:</u>				
Land	\$ 12,500	\$ -	\$ -	\$ 12,500
Total Capital Assets, not depreciated	12,500	-	-	12,500
<u>Capital Assets, depreciated:</u>				
Water System	11,786,437	675,082	-	12,461,519
Water and Waste Water Equipment	3,338,231	135,620	-	3,473,851
Waste Water System	17,005,289	668,613	-	17,673,902
Waste Water Treatment Plant	31,410,488	734,786	-	32,145,274
Total Capital Assets, Depreciated	63,540,445	2,214,101	-	65,754,546
Less: Accumulated Depreciation	(24,724,511)	(1,611,172)	-	(26,335,683)
Net Total Capital Assets, depreciated	38,815,934	602,929	-	39,418,863
Business-type Activities, Capital Assets, Net	\$ 38,828,434	\$ 602,929	\$ -	\$ 39,431,363

Depreciation and Amortization expense were charged to functions/programs of the primary government as follows:

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

7. Capital Assets (continued)

Governmental activities:

General Government Administration	\$ 79,746
Public Safety	445,297
Public Works	4,072,850
Parks, Recreation, and Culture	721,258
Community Development	8,275
	<u>\$ 5,327,425</u>

Business-type activities:

Water and Sewer	\$ 1,611,172
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Amortization expense for bond issuance costs in the amount of \$5,894 is included in the total for Parks, Recreation, and Culture.

8. Deferred Revenue

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred revenue as reported in the governmental fund financial statements at June 30, 2012 consisted of the following:

	Special Revenue Fund	General Fund
Grant revenue	\$ 3,046	\$ -
Prepaid Taxes	\$ -	\$ 1,976

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, 2012 is \$190,277,130 (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, 2011	Additions	Reductions	Balance June 30, 2012
<u>Governmental Activities</u>				
General Obligation Debt:				
2007 Revenue Bond	\$ 1,780,000	\$ -	\$ 70,000	\$ 1,710,000
2004B Revenue Bond	9,840,000	-	245,000	9,595,000
1995 General Obligation Note	1,015,000	-	235,000	780,000
Total General Obligation Debt	<u>12,635,000</u>	<u>-</u>	<u>550,000</u>	<u>12,085,000</u>
Compensated Absences Payable from the General Fund	566,752	71,244	-	637,996
Landfill Closure & Postclosure Care Cost	142,583	-	8,216	134,367
Bond Premiums	64,783	-	4,049	60,734
Merit/sick pay (OPEB) payable	160,218	94,889	-	255,107
Total Governmental Activities, long-term debt:	<u>\$ 13,569,336</u>	<u>\$ 166,133</u>	<u>\$ 562,265</u>	<u>\$ 13,173,204</u>
<u>Business-type Activities</u>				
2001 VA Revolving Loan Fund	\$ 6,091,486	\$ -	\$ 518,512	\$ 5,572,974
1998 VA Revolving Loan Fund	1,267,206	-	161,740	1,105,466
Total	<u>7,358,692</u>	<u>-</u>	<u>680,252</u>	<u>6,678,440</u>
Compensated Absences Payable from the Water and Sewer Fund	101,728	11,117	-	112,845
Total Business-Type Activities, long-term debt:	<u>\$ 7,460,420</u>	<u>\$ 11,117</u>	<u>\$ 680,252</u>	<u>\$ 6,791,285</u>

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

9. Long-Term Liabilities (continued)

Long-term Liabilities of the Town at June 30, 2012 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% .	\$ 9,595,000
\$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% .	1,710,000
\$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% .	780,000
\$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.	1,105,466
\$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.	5,572,974
Total General Obligations and VA Revolving Loans	<u>18,763,440</u>
Compensated Absences Payable	750,841
Landfill Closure and Postclosure Care Cost Payable	134,367
Bond Premiums	60,734
Service Merit (OPEB) payable	255,107
Total Primary Government, long-term liabilities	<u>\$ 19,964,489</u>

The annual requirements to amortize governmental activities debt outstanding as of June 30, 2012 are as follows:

Fiscal Year	2007 Revenue Bond		2004 Revenue Bond		1995 General Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	75,000	83,063	255,000	414,100	245,000	39,000	575,000	536,163
2014	75,000	79,688	265,000	403,700	260,000	26,750	600,000	510,138
2015	80,000	76,000	275,000	392,900	275,000	13,750	630,000	482,650
2016	85,000	71,875	285,000	381,700	-	-	370,000	453,575
2017	90,000	67,500	295,000	370,100	-	-	385,000	437,600
2018	90,000	63,000	310,000	358,000	-	-	400,000	421,000
2019	95,000	57,375	320,000	345,400	-	-	415,000	402,775
2020	100,000	53,500	335,000	332,300	-	-	435,000	385,800
2021	105,000	48,375	345,000	318,528	-	-	450,000	366,903
2022	110,000	43,000	360,000	304,030	-	-	-	-
2023-27	655,000	122,375	2,060,000	1,268,510	-	-	2,715,000	1,390,885
2028-32	150,000	3,750	2,605,000	750,613	-	-	2,755,000	754,363
2033-34	-	-	1,885,000	139,424	-	-	1,885,000	139,424
Total	\$ 1,710,000	\$ 769,501	\$ 9,595,000	\$ 5,779,304	\$ 780,000	\$ 79,500	\$ 11,615,000	\$ 6,281,275

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, 2012 are as follows:

Fiscal Year	2001 VA Revolving Loan		1998 VA Revolving Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	536,819	190,398	167,780	39,364	704,599	229,762
2014	555,772	171,445	174,045	33,099	729,817	204,544
2015	575,395	151,823	180,544	26,600	755,939	178,423
2016	595,709	131,507	187,286	19,858	782,995	151,365
2017	616,742	110,475	194,279	12,865	811,021	123,340
2018	638,516	88,700	201,532	5,610	840,048	94,310
2019	661,060	66,156	-	-	661,060	66,156
2020	684,399	42,817	-	-	684,399	42,817
2021	708,562	18,654	-	-	708,562	18,654
Total	\$ 5,572,974	\$ 971,975	\$ 1,105,466	\$ 137,396	\$ 6,678,440	\$ 1,109,371

TOWN OF CHRISTIANBURG

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

9. Long-Term Liabilities (continued)

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	\$ -	\$ 780,000	\$ 780,000
2004B Revenue	-	9,595,000	9,595,000
2007 Revenue	-	1,710,000	1,710,000
Loans:			
2001 VA Revolving Loan	5,572,974	-	5,572,974
1998 VA Revolving Loan	1,105,466	-	1,105,466
Landfill Closure & Postclosure Care Cost	-	134,367	134,367
Compensated Absences	112,845	637,996	750,841
Bond Premiums	-	60,734	60,734
Service Merit (OPEB) payable	-	255,107	255,107
Total	\$ 6,791,285	\$ 13,173,204	\$ 19,964,489

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 balance are presented below:

	General Fund	Special Revenue Fund	Cemetery Fund	Totals
Nonspendable:				
Perpetual Care	\$ -	\$ -	\$ 366,676	\$ 366,676
Prepaid Items	131,851	-	-	131,851
Restricted for:				
Law Enforcement	-	45,506	-	45,506
Fire Department	448,130	329,489	-	777,619
Lifesaving-Rescue Squad	-	503,105	-	503,105
Parks and Recreation - Knowles Estate	-	888,702	-	888,702
Committed	-	-	-	-
Assigned:				
Fire and Lifesaving	2,216,636	-	-	2,216,636
Public Works	200,583	-	-	200,583
General Administration	110,419	-	-	110,419
Unassigned	14,120,583	-	(2,880)	14,117,703
Total fund balances at June 30, 2012	\$ 17,228,202	\$ 1,766,802	\$ 363,796	\$ 19,358,800

11. Defined Benefit Pension Plan

A. Plan Description

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

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

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early age 55 with at least five years of service credit or age 50 with at least ten years of service credit.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

11. Defined Benefit Pension Plan (continued)

A. Plan Description (continued)

Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include, sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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 downloaded from their web site at <http://www.varetire.org/Pdf/Publications/2011-Annual-Report.pdf> or obtained by writing to the System 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 5.00% of their compensation toward their retirement. The Town of Christiansburg has assumed this 5.00% 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 2012 was 15.20% of annual covered payroll. The Town's contribution rate includes the employee's share of 5.00% paid by the employer.

C. Annual Pension Cost

For fiscal year 2012, the Town's annual pension cost of \$1,501,056 was equal to their required and actual contributions.

Fiscal Year Ending	Three-Year Trend Information		
	Annual	Percentage	Net Pension
	Pension Cost (APC)	of APC Contributed	
June 30, 2010	\$ 1,380,955	100.00%	\$ -
June 30, 2011	\$ 1,430,452	100.00%	\$ -
June 30, 2012	\$ 1,501,056	100.00%	\$ -

The fiscal year 2012 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (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 Authority'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, 2009 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 67.14% funded. The actuarial accrued liability for benefits was \$33,888,813, and the actuarial value of assets was \$22,753,823, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,134,990. The covered payroll (annual payroll of active employees covered by the plan) was \$9,430,855, and ratio of the UAAL to the covered payroll was 118.07%.

TOWN OF CHRISTIANSBURG

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

11. Defined Benefit Pension Plan (continued)

D. Funded Status and Funding Progress (continued)

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear 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

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.

C. Annual Pension Cost

For fiscal year 2012, the Town's annual pension cost for this plan was \$105,293 which was \$32,926 less than their required and actual contributions of \$138,219.

Fiscal Year Ending	Three-Year Trend Information		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2009	\$ 131,762	32.31%	\$ 89,196
June 30, 2010	\$ 131,762	50.76%	\$ 154,076
June 30, 2011	\$ 138,219	69.63%	\$ 132,217
June 30, 2012	\$ 138,219	75.90%	\$ 184,641

The fiscal year 2012 required contribution was determined as part of the June 30, 2011 actuarial valuation using the unit credit cost method. The actuarial assumptions at June 30, 2011 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, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 29 years. As of June 30, 2012, the plan remains unfunded.

D. Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,498,425 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,498,425. The 2011 covered payroll (annual payroll of active employees covered by the plan) was \$9,430,855, and the ratio of the UAAL to the covered payroll was 15.89%.

13. 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 2011-2012, total premiums paid were \$588,271. 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.

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

13. Risk Management (continued)

General Liability and Other - The Town has general liability, automobile liability, property, and public officials liability insurance through the Virginia Municipal Liability Pool. Boiler and machinery coverage and property insurance are covered as per statement of values. Total premiums for 2011-2012 were \$316,603.

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 \$1,456,147 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, 2012 the Town received direct funding from the federal and state government as follows:

Law Enforcement funds	416,572
Street Maintenance Funds	2,938,593
Sales Tax	1,562,926
Non-Categorical State Aid	1,303,742
Federal and State Grants	1,076,003
	7,297,836

14. Contributed Capital

The contributed capital account of the Enterprise Fund increased from \$18,535,238 to \$19,330,057 in 2011-2012 due to contributed capital - grants in aid of construction of \$794,819.

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. No new roads were given to the town from developers during the year ended June 30, 2012.

15. Landfill Closure and Postclosure Care Costs

In FY 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 cost will be paid only near or after the date that the landfill stops accepting waste, GASB No. 18 requires that 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 \$134,367 liability for landfill closure and postclosure care cost at June 30, 2012 represents the estimated liability based on the usage of 100% of the estimated capacity of the landfill. The Town will recognize the remaining estimated cost of closure and postclosure care as costs are incurred.

The liability accrued at June 30, 2012 is based on what it would cost to perform all closure and postclosure care in 2012. Actual cost may differ from this estimate due to inflation, changes in technology or changes in regulation.

16. 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. The total unfunded accrued liability at June 30, 2011 is \$1,258,886 which is based on the June 30, 2011 valuation. The government-wide financial statements reflect the portion of the liability. The Town's plan is a pay-as-you-go system. The annual required contribution per the actuarial valuation is \$138,600. During the fiscal year the Town paid out benefits of \$35,780. The Net Other Post Employment (OPEB) obligation at June 30, 2012 is \$255,107. The town currently intends to continue to fund these benefits annually as they become due on a Pay-as-you-go system.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

16. Postemployment Benefits other than Pension Benefits (continued)

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, 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.

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. 60, Accounting and Financial Reporting for Service Concession Arrangements, was issued to address service concession arrangements, which are a type of public-private or public-public partnership. The statement defines a service concession arrangement in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The requirements of this statement establish recognition, measurement, and disclosure requirements for these types of arrangements. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present to be included as a component unit. The statement also amends the criteria for reporting of blended component units. For component units that are blended based on the "substantively the same governing body" criterion, it additionally requires that a financial benefit or financial burden relationship exist or management of the primary government have operational responsibility for the activities of the component unit. The statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, was issued to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB pronouncements issued on or before November 30, 1989 which do not conflict with or contradict GASB pronouncements. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position, is intended to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. GASB Concepts Statement No. 4, Elements of Financial Statements, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 66, Technical Corrections - 2012, amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

18. New Accounting Standards (continued)

This Statement also amends Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. This statement will be effective for the year ending June 30, 2013.

GASB Statement No. 67, Financial Reporting for Pension Plans, replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This statement will be effective for the year ending June 30, 2015.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, 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, 2016.

19. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 26, 2012, 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 CHRISTIANBURG, VIRGINIA

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

Actuarial Valuation Date	(a)		(b)		(b-a)		(a/b)		(c)		((b-a)/c)	
	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, 2011	\$ 22,753,823	\$	33,888,813	\$	11,134,990	\$	67.14%		\$ 9,430,855	\$	118.07%	
June 30, 2010	\$ 22,061,054	\$	31,621,423	\$	9,560,369	\$	69.77%		\$ 9,513,961	\$	100.49%	
June 30, 2009	\$ 21,641,007	\$	27,926,827	\$	6,285,820	\$	77.49%		\$ 8,842,588	\$	71.09%	
June 30, 2008	\$ 20,809,351	\$	25,838,930	\$	5,029,579	\$	80.53%		\$ 8,357,697	\$	60.18%	
June 30, 2007	\$ 18,568,695	\$	23,253,067	\$	4,684,372	\$	79.85%		\$ 7,354,315	\$	63.70%	

REQUIRED SUPPLEMENTARY INFORMATION

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

YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning fund balance:	\$ 1,103,654	\$ 2,012,654	\$ 2,026,334	\$ 13,680
Revenues (Inflows):				
Interest Income			20,538	20,538
State Grants	329,202	329,202	82,719	(246,483)
Federal Grants and other	705,474	705,474	900,482	195,008
Contributions and Miscellaneous	25,100	25,100	139,700	114,600
Amounts Available for Expenditures	<u>2,163,430</u>	<u>3,072,430</u>	<u>3,169,773</u>	<u>97,343</u>
Expenditures (Outflows):				
Current:				
Police Department	223,906	223,906	228,853	(4,947)
Volunteer Fire Department	150,000	150,000	166,048	(16,048)
Lifesaving and Rescue	150,000	150,000	294,648	(144,648)
Parks and Recreation	500,000	500,000	104,008	395,992
Sidewalks Infrastructure	110,000	110,000	140,528	(30,528)
BioMass Generation Capital Outlay	420,900	420,900	526,983	(106,083)
Total Expenditures	<u>1,554,806</u>	<u>1,554,806</u>	<u>1,461,068</u>	<u>93,738</u>
Excess of revenues over expenditures	<u>608,624</u>	<u>1,517,624</u>	<u>1,708,705</u>	<u>3,605</u>
Other financing (sources) uses:				
Transfers	(150,000)	(150,000)	(58,097)	(91,903)
Total other financing (sources) uses	<u>(150,000)</u>	<u>(150,000)</u>	<u>(58,097)</u>	<u>(91,903)</u>
Ending Budgetary Fund Balance	<u>\$ 758,624</u>	<u>\$ 1,667,624</u>	<u>\$ 1,766,802</u>	<u>\$ 95,508</u>

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -BUDGET AND ACTUAL - PERMANENT FUND (modified accrual basis of accounting)

YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning unassigned fund balance:	\$ 6,000	\$ 5,920	\$	\$ (5,920)
Revenues (Inflows):				
Interest Income	1,000	1,000	6,929	5,929
Burials	37,880	37,880	62,955	25,075
Sale of Lots	69,540	69,540	27,905	(41,635)
Miscellaneous	40	40	500	460
Amounts Available for Expenditures	<u>114,460</u>	<u>114,380</u>	<u>98,289</u>	<u>(16,091)</u>
Expenditures (Outflows):				
Current:				
Salaries and Fringe	92,003	92,003	86,708	5,295
Insurance and Operational Costs	60,180	60,180	50,933	9,247
Equipment Purchases and Capital Outlay	9,700	9,700	8,623	1,077
Total Expenditures	<u>161,883</u>	<u>161,883</u>	<u>146,264</u>	<u>15,619</u>
Excess of revenues over expenditures	<u>(47,423)</u>	<u>(47,503)</u>	<u>(47,975)</u>	<u>(31,710)</u>
Other financing (sources) uses:				
Transfers	<u>(85,303)</u>	<u>(85,303)</u>	<u>(52,557)</u>	<u>(32,746)</u>
Total other financing (sources) uses	<u>(85,303)</u>	<u>(85,303)</u>	<u>(52,557)</u>	<u>(32,746)</u>
Assigned to Perpetual Care	37,880	37,800	4,582	
Ending Unassigned Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,036</u>

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 to 6	42-47
Revenue Capacity	These schedules contain information to help the reader assess the Town's most significant local revenue sources. Schedules 7-10	48-51
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	52-54
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	55-56
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 16-19	57-61

TOWN OF CHRISTIANBURG
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(fiscual basis of accounting)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental Activities:										
Invested in capital assets, net of related debt:	\$ 95,524,065	\$ 99,222,094	\$ 97,288,970	\$ 89,442,245	\$ 61,535,576	\$ 76,303,783	\$ 74,730,937	\$ 72,236,287	\$ 82,512,172	\$ 80,921,683
Restricted	6,423,678	6,185,491	283,784	227,903	231,358					
Unrestricted	13,772,327	12,615,333	14,542,381	20,785,430	23,611,853	25,399,737	23,658,476	21,547,622	8,529,504	7,133,851
Total governmental activities net assets	\$ 115,720,070	\$ 118,022,918	\$ 112,101,135	\$ 110,455,578	\$ 105,378,587	\$ 102,303,520	\$ 98,387,413	\$ 93,783,909	\$ 91,041,676	\$ 88,055,534
Business Type Activities:										
Invested in capital assets net of related debt:	\$ 32,752,021	\$ 31,469,741	\$ 31,179,842	\$ 30,681,352	\$ 29,028,803	\$ 27,553,356	\$ 26,546,759	\$ 25,535,380	\$ 24,662,510	\$ 23,795,045
Unrestricted	97,016	53,503	343,492	186,303	94,382	118,829	302,530	208,317	232,841	227,800
Total business type activities net assets	\$ 32,849,037	\$ 31,523,334	\$ 31,523,334	\$ 30,867,655	\$ 29,122,985	\$ 27,672,185	\$ 26,849,289	\$ 25,743,697	\$ 24,895,351	\$ 24,022,845
Primary Government:										
Invested in capital assets, net of related debt:	\$ 128,276,986	\$ 130,691,835	\$ 128,448,812	\$ 120,123,597	\$ 110,564,179	\$ 103,857,139	\$ 101,277,696	\$ 97,771,667	\$ 107,174,682	\$ 104,716,728
Restricted	6,423,678	6,185,491	289,784	227,903	231,358					
Unrestricted	13,869,343	12,668,926	14,885,873	20,971,733	23,706,035	26,018,566	23,959,006	21,755,939	8,762,345	7,361,651
Total primary government net assets	\$ 148,570,007	\$ 149,546,252	\$ 143,624,469	\$ 141,323,233	\$ 134,501,572	\$ 129,875,705	\$ 125,236,702	\$ 119,527,606	\$ 115,937,027	\$ 112,078,379

TOWN OF CHRISTIANSBURG

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

		Fiscal Year									
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses											
Governmental Activities:											
General Government											
Public Safety		2,220,187	\$ 2,376,491	\$ 2,205,112	\$ 1,870,000	\$ 1,803,443	\$ 1,840,708	\$ 1,564,910	\$ 1,305,702	\$ 1,154,130	\$ 1,121,178
Public Works		8,658,968	7,298,345	8,022,207	6,969,518	6,453,570	5,905,546	5,470,549	5,030,777	4,632,956	4,224,202
Health and Welfare		9,379,187	5,154,373	6,313,092	4,976,341	5,759,437	5,389,079	4,871,366	4,424,156	3,927,957	3,842,905
Parks, Recreation, and Culture		3,103	3,100	3,040	3,040	2,700	2,760	2,500	2,500	2,400	2,400
Community Development		4,564,487	4,214,349	2,620,104	2,326,077	1,682,532	1,874,683	1,366,927	1,605,648	1,400,987	1,376,838
Interest on Long Term Debt		1,406,722	1,145,498	1,392,967	1,270,096	2,021,276	1,553,587	890,638	837,134	1,410,445	717,142
Total governmental activities		550,881	574,840	90,257	36,875	193,180	128,754	39,590	381,637	121,458	131,374
		\$ 26,786,615	\$ 20,767,099	\$ 20,616,839	\$ 17,780,347	\$ 17,076,444	\$ 16,695,207	\$ 14,245,500	\$ 13,596,614	\$ 12,640,241	\$ 11,420,029
Business Type Activities:											
Water and Sewer											
Total business type activities expenses		\$ 6,455,176	\$ 6,360,095	\$ 6,188,386	\$ 5,784,337	\$ 5,482,183	\$ 5,223,595	\$ 4,675,982	\$ 4,927,511	\$ 4,653,361	\$ 4,578,858
Total primary government expenses		\$ 6,455,176	\$ 6,360,095	\$ 6,188,386	\$ 5,784,337	\$ 5,482,183	\$ 5,223,595	\$ 4,675,982	\$ 4,927,511	\$ 4,653,361	\$ 4,578,858
		\$ 33,241,791	\$ 27,136,794	\$ 26,805,225	\$ 23,564,684	\$ 23,458,627	\$ 21,918,802	\$ 18,921,482	\$ 18,524,125	\$ 17,293,602	\$ 15,998,887
Program Revenues											
Governmental Activities:											
Charges for Services											
Solid waste collection services		\$ 1,431,840	\$ 1,184,296	\$ 1,197,592	\$ 1,198,339	\$ 1,013,822	\$ 979,970	\$ 941,548	\$ 879,244	\$ 840,221	\$ 790,282
Parks and recreation and cultural		1,001,541	1,022,857	199,813	201,356	212,351	212,352	217,684	211,859	196,954	183,004
Operating Grants and Contributions		1,137,981	306,981	428,117							
Capital Grants and Contributions		8,316	3,325,647	802,659							
Total governmental activities program revenues		\$ 3,578,673	\$ 3,839,781	\$ 2,628,181	\$ 1,399,695	\$ 1,214,173	\$ 1,192,332	\$ 1,159,232	\$ 1,091,103	\$ 1,039,175	\$ 973,286
Business Type Activities:											
Charges for Services											
Water and Sewer											
Total business type activities program revenues		\$ 6,013,507	\$ 5,655,965	\$ 5,932,787	\$ 5,802,405	\$ 5,395,895	\$ 5,188,377	\$ 5,145,870	\$ 5,011,017	\$ 4,843,572	\$ 4,395,821
Total primary government program revenues		\$ 6,013,507	\$ 5,855,965	\$ 5,932,787	\$ 5,802,405	\$ 5,395,895	\$ 5,188,377	\$ 5,145,870	\$ 5,011,017	\$ 4,843,572	\$ 4,395,821
		\$ 10,193,165	\$ 9,695,746	\$ 8,580,968	\$ 7,002,300	\$ 6,610,068	\$ 6,380,709	\$ 6,305,102	\$ 6,102,120	\$ 5,882,747	\$ 5,369,107
Net (Expense) Revenue											
Governmental Activities		\$ (23,206,937)	\$ (16,027,318)	\$ (17,988,658)	\$ (16,380,452)	\$ (16,762,271)	\$ (15,502,875)	\$ (13,096,208)	\$ (12,505,511)	\$ (11,601,068)	\$ (10,446,743)
Business type activities		\$ 158,331	\$ (513,730)	\$ (255,599)	\$ (181,932)	\$ (86,288)	\$ (35,218)	\$ 469,898	\$ 83,506	\$ (9,789)	\$ (193,037)
Total primary government net expense		\$ (23,048,606)	\$ (17,441,048)	\$ (18,244,257)	\$ (16,562,384)	\$ (16,848,559)	\$ (15,538,093)	\$ (12,616,380)	\$ (12,422,005)	\$ (11,610,855)	\$ (10,639,780)
Changes in Net Assets											
Governmental Activities:											
Taxes											
Property taxes		\$ 3,076,839	\$ 3,016,086	\$ 2,990,073	\$ 2,996,032	\$ 2,855,885	\$ 2,755,006	\$ 2,656,078	\$ 2,563,752	\$ 2,907,906	\$ 1,937,115
Sales taxes		1,562,926	1,547,345	1,483,290	1,558,600	1,599,479	1,578,041	1,322,398	1,218,945	1,147,000	1,089,000
Prepared meals tax		5,622,786	5,407,998	4,503,818	4,684,404	4,617,826	4,432,695	3,949,008	3,267,017	3,080,000	2,417,000
Transient lodging tax		919,745	812,331	749,701	851,512	950,000	909,000	714,000	466,000	466,000	381,000
Other		5,277,657	5,344,305	5,315,902	5,288,368	4,498,937	4,087,016	4,082,999	3,872,049	3,546,175	2,816,188
Permits, Fees and Licenses		190,405	131,360	203,998	137,766	191,857	211,538	252,318	250,188	144,197	136,885
Revenues From Use of Property		218,058	255,366	94,201	115,905	124,071	110,723	74,063	63,163	118,531	184,562
Investment earnings		222,813	254,350	263,518	486,131	1,081,113	1,102,367	600,059	255,297	3,417,516	2,737,809
Intergovernmental		3,660,452	3,667,382	3,414,598	3,740,731	3,520,364	3,419,113	3,204,781	3,057,191	83,420	93,833
Fines and Forfeitures		126,702	95,038	118,559	86,924	95,024	148,523	138,831	87,466	270,944	220,739
Cemetery		90,860	103,464	96,735	102,077	28,420	729,079	565,965	388,801	(594,481)	(810,404)
Miscellaneous		345,487	375,261	320,188	1,080,845	1,165,147	1,165,147	1,165,147	1,165,147	1,165,147	1,165,147
Grants in Aid of Construction			1,257,323	1,633,662	1,633,662	240,030					
Transfers		(410,640)		(707,721)	(1,315,045)	(1,030,816)	(254,119)	39,262	(242,215)		
Special Items			909,590								
Total governmental activities		\$ 20,904,089	\$ 23,849,103	\$ 19,634,215	\$ 21,457,443	\$ 19,937,337	\$ 19,316,982	\$ 17,989,772	\$ 15,247,744	\$ 14,587,208	\$ 11,193,722
Business Type Activities:											
Grants in Aid of Construction		\$ 110,263	\$ 52,700	\$ 74,855	\$ 480,222	\$ 392,711	\$ 508,320	\$ 584,754	\$ 435,842	\$ 209,077	\$ 243,095
Miscellaneous		147,369	137,934	128,903	121,335	113,561	95,675	86,783	78,737	78,737	82,958
Transfers		410,640	323,096	707,721	1,315,045	1,030,816	254,119	(39,262)	242,215	594,481	810,404
Total business type activities		\$ 1,668,272	\$ 513,730	\$ 911,279	\$ 1,925,602	\$ 1,537,088	\$ 858,114	\$ 765,704	\$ 764,840	\$ 882,293	\$ 1,136,457
Total primary government		\$ 22,072,361	\$ 23,362,833	\$ 20,545,494	\$ 23,383,044	\$ 21,474,425	\$ 20,175,096	\$ 18,335,476	\$ 16,012,584	\$ 15,469,503	\$ 12,330,179
Changes in Net Assets:											
Governmental Activities		\$ (2,302,848)	\$ 5,021,784	\$ 1,643,557	\$ 5,076,990	\$ 3,175,088	\$ 3,816,107	\$ 4,603,504	\$ 2,742,233	\$ 2,986,142	\$ 746,079
Business type activities		\$ 1,328,603	\$ (176,245)	\$ 653,680	\$ 1,744,970	\$ 1,450,800	\$ 822,896	\$ 848,346	\$ 872,506	\$ 872,506	\$ 953,420
Total primary government		\$ (974,245)	\$ 5,021,784	\$ 2,301,237	\$ 6,821,960	\$ 4,625,888	\$ 4,639,003	\$ 5,709,096	\$ 3,590,739	\$ 3,858,648	\$ 1,700,399

TOWN OF CHRISTIANSBURG

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

General Fund	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Nonspendable	\$ 131,851	\$ -	\$ 59,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	448,130	429,088	373,646	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	2,527,638	2,199,995	2,069,518	-	-	-	-	2,753	315,082	293,725
Unassigned	14,120,583	12,816,580	10,910,484	19,503,465	22,366,890	24,653,281	22,450,237	20,426,548 (2)	7,245,480	6,466,160
Total General Fund	\$ 17,228,202	\$ 15,445,663	\$ 13,413,373	\$ 19,503,465	\$ 22,366,890	\$ 24,653,281	\$ 22,450,237	\$ 20,429,301	\$ 7,560,572	\$ 6,759,885
All Other Governmental Funds										
Nonspendable in Permanent Fund	366,676	359,214	289,783	227,903	201,769 (3)	-	-	-	-	-
Unassigned in Permanent Fund	(2,880)	-	-	-	-	-	-	-	-	-
Restricted in Special Revenue Fund	1,766,802	2,026,335	26,049	-	-	-	-	-	-	-
Total All Other Funds	\$ 2,130,598	\$ 2,385,549	\$ 315,832	\$ 227,903	\$ 201,769	\$ -	\$ -	\$ -	\$ -	\$ -
Total All Governmental Fund Balances	\$ 19,358,800	\$ 17,831,212	\$ 13,729,205	\$ 19,731,368	\$ 22,568,659	\$ 24,653,231	\$ 22,450,237	\$ 20,429,301	\$ 7,560,572	\$ 6,759,885

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes										
Property taxes	\$ 3,065,669	\$ 3,006,272	\$ 3,053,658	\$ 2,888,687	\$ 2,775,831	\$ 2,664,913	\$ 2,626,603	\$ 2,530,439	\$ 2,403,583	\$ 1,905,209
Sales taxes	1,562,926	1,547,345	1,483,290	1,558,600	1,599,479	1,578,041	1,322,398	1,218,945	1,147,000	1,089,000
Prepared meals tax	5,622,786	5,407,998	4,503,818	4,684,404	4,617,826	4,432,695	3,949,008	3,267,017	3,080,000	2,417,000
Transient lodging tax	919,745	812,331	748,701	851,512	950,000	909,000	714,000	466,000	466,000	381,000
Other	5,277,657	5,344,305	5,315,902	5,288,368	4,498,837	4,087,016	4,082,999	3,872,049	3,546,175	2,816,186
Permits, Fees and Licenses	190,405	131,369	203,998	137,796	191,857	211,538	252,318	250,188	144,197	126,885
Revenues From Use of Property	218,058	255,366	94,201	115,805	124,071	110,723	74,093	63,163	49,531	44,562
Investment earnings	222,813	254,350	263,518	486,131	1,081,113	1,192,367	600,059	255,297	69,000	140,000
Charges for Services	2,496,336	2,273,848	1,468,275	1,399,895	1,214,173	1,192,332	1,159,231	1,091,103	1,039,175	973,286
Intergovernmental	4,806,749	4,118,010	4,645,374	3,749,731	3,520,364	3,419,113	3,294,761	3,057,191	3,417,516	2,737,806
Fines and Forfeitures	126,702	95,038	118,559	86,924	95,025	148,523	138,831	87,466	83,420	93,833
Cemetery	27,905	36,769	24,865	102,077	28,420					
Miscellaneous	343,167	1,503,408	236,187	1,088,110	714,274	611,289	304,786	204,472	181,105	198,725
Total Revenues Governmental Funds	\$ 24,880,918	\$ 24,786,409	\$ 22,161,346	\$ 22,448,040	\$ 21,411,370	\$ 20,557,550	\$ 18,519,087	\$ 16,363,330	\$ 15,626,702	\$ 12,923,492
Expenditures										
General Government	\$ 1,855,373	\$ 2,077,241	\$ 1,937,708	\$ 1,701,156	\$ 1,618,229	\$ 1,400,715	\$ 1,262,538	\$ 1,204,435	\$ 1,084,717	\$ 1,005,050
Public Safety	7,577,856	6,806,897	6,858,588	6,488,748	5,909,555	5,219,119	4,988,285	4,499,931	4,145,907	3,810,956
Public Works	4,859,519	4,848,285	5,079,978	4,444,111	4,630,843	4,237,338	4,204,419	4,033,450	3,652,370	3,325,153
Health and Welfare	3,193	3,100	3,100	3,040	2,700	2,760	2,500	2,500	2,400	2,400
Parks, Recreation, and Culture	3,707,420	3,439,568	2,442,144	1,971,657	1,711,966	1,750,906	1,374,703	1,292,271	1,230,679	1,194,785
Community Development	1,276,907	1,132,826	1,374,850	1,258,527	1,971,207	1,516,400	851,633	804,938	1,372,615	651,112
Capital Outlay	2,738,124	1,897,842	8,723,878	7,188,705	8,541,739	3,124,325	3,114,504	2,475,861	2,485,637	3,115,346
Debt Service	550,000	530,000	515,000	490,000	415,000	400,000	385,000	192,750	221,500	234,625
Principal Retirement	561,175	583,981	604,544	623,324	590,851	558,129	615,010	115,669	125,548	135,547
Interest and Fiscal Charges	23,129,567	21,319,740	27,539,790	24,169,268	25,392,090	18,209,692	16,798,592	14,021,805	14,321,373	13,474,974
Total Expenditures Governmental Funds	\$ 1,751,351	\$ 3,466,669	\$ (5,378,444)	\$ (1,721,228)	\$ (3,980,720)	\$ 2,347,858	\$ 1,720,495	\$ 1,741,525	\$ 1,305,329	\$ (551,482)
Excess of Revenues over (under) Expenditures	\$ 23,129,567	\$ 21,319,740	\$ 27,539,790	\$ 24,169,268	\$ 25,392,090	\$ 18,209,692	\$ 16,798,592	\$ 14,021,805	\$ 14,321,373	\$ 13,474,974
Other Financing Sources and (Uses)										
Insurance Recoveries	\$ 2,321	\$ 48,852	\$ 84,002	\$ 28,945	\$ 75,800	\$ 76,745	\$ 75,129	\$ 105,919	\$ 89,839	\$ 22,014
Proceeds from Debt Issuance					2,050,979			11,185,000		
Sale of Land				83,500	589,694	32,560	186,050	78,500		
Capital Contributions Cemetery				56,948	240,030					
Transfers (to) from:										
Water and Sewer Fund										
Special Revenue Fund	(226,084)	(323,096)	(707,721)	(1,315,045)	(1,030,816)	(254,119)	39,262	(242,215)	(594,481)	(810,404)
Total Other Financing Sources and (Uses)	\$ (223,763)	\$ (274,244)	\$ (623,719)	\$ (1,145,652)	\$ 1,925,687	\$ (144,814)	\$ 300,441	\$ 11,127,204	\$ (504,642)	\$ (788,390)
Special Items										
Transfer of funds from other organizations		\$ 909,580								
Net Changes in Fund Balance Increases (Decreases)	\$ 1,527,588	\$ 4,102,005	\$ (6,002,163)	\$ (2,866,880)	\$ (2,055,033)	\$ 2,203,044	\$ 2,020,936	\$ 12,863,729	\$ 800,687	\$ (1,339,872)
Debt Service as a percentage of noncapital expenditures	5.45%	5.74%	5.95%	6.56%	5.97%	6.35%	7.31%	2.54%	2.93%	3.57%

GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, and Regulatory Licenses	Fines and Forfeitures	Revenues From Use of Money and Property
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
2003-2004	\$ 2,403,583	\$ 8,239,175	\$ 144,197	\$ 83,420	\$ 118,531
2002-2003	\$ 1,905,209	\$ 6,703,186	\$ 126,885	\$ 93,833	\$ 184,562

Fiscal Year	Charges For Services	Miscellaneous	Inter- governmental	Total	Business Type Activities Water and Sewer
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
2003-2004	\$ 1,039,175	\$ 181,105	\$ 3,417,516	\$ 15,626,702	\$ 4,643,572
2002-2003	\$ 973,286	\$ 198,725	\$ 2,737,806	\$ 12,923,492	\$ 4,395,821

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
 LAST TEN FISCAL YEARS

Fiscal Year	General Administration	Public Safety	Public Works	Health and Welfare
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
2003-2004	\$ 1,084,717	\$ 4,145,907	\$ 3,652,370	\$ 2,400
2002-2003	\$ 1,005,050	\$ 3,810,956	\$ 3,325,153	\$ 2,400

Fiscal Year	Parks, Recreation and Culture	Community Development	Debt Service	Capital Outlay	Total
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
2003-2004	\$ 1,230,679	\$ 1,372,615	\$ 347,048	\$ 2,485,637	\$ 14,321,373
2002-2003	\$ 1,194,785	\$ 651,112	\$ 370,172	\$ 3,115,346	\$ 13,474,974

TOWN OF CHRISTIANSBURG

ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility		Total
					Unequalized	Equalized	
2011-2012	\$ 1,976,520,027	\$ 163,753,319	\$ 59,578,724	\$ 3,788,268	\$ 47,101,275	\$ 164,323	\$ 2,250,905,936
2010-2011	\$ 1,939,744,614	\$ 157,249,218	\$ 60,573,302	\$ 4,792,800	\$ 44,162,714	\$ 123,171	\$ 2,206,645,819
2009-2010	\$ 1,915,422,886	\$ 143,984,570	\$ 62,321,082	\$ 4,792,700	\$ 43,501,590	\$ 44,276	\$ 2,170,067,104
2008-2009	\$ 1,863,401,200	\$ 149,368,176	\$ 63,056,712	\$ 4,579,840	\$ 40,896,193	\$ 46,137	\$ 2,121,348,258
2007-2008	\$ 1,801,033,201	\$ 141,571,898	\$ 65,343,649	\$ 4,607,360	\$ 40,715,462	\$ 42,329	\$ 2,053,313,899
2006-2007	\$ 1,357,921,197	\$ 129,825,097	\$ 64,568,849	\$ 4,740,740	\$ 30,703,941	\$ 50,090	\$ 1,587,809,914
2005-2006	\$ 1,298,699,328	\$ 129,691,123	\$ 69,209,974	\$ 4,601,520	\$ 32,261,723	\$ 39,470	\$ 1,534,503,138
2004-2005	\$ 1,255,068,756	\$ 123,002,537	\$ 61,649,750	\$ 5,073,600	\$ 30,283,869	\$ 26,964	\$ 1,475,105,476
2003-2004	\$ 1,210,613,686	\$ 125,703,367	\$ 65,958,377	\$ 4,692,300	\$ 25,979,014	\$ 20,779	\$ 1,432,967,523
2002-2003	\$ 885,741,866	\$ 122,495,549	\$ 52,130,486	\$ 6,032,441	\$ 25,893,804	\$ 20,362	\$ 1,092,314,508

Property Tax Rates - Last Ten Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility	
					Unequalized	Equalized
2011-2012	.1126	.45	.45	0.1126	0.1126	.45
2010-2011	.1126	.45	.45	0.1126	0.1126	.45
2009-2010	.1126	.45	.45	0.1126	0.1126	.45
2008-2009	.1126	.45	.45	0.1126	0.1126	.45
2007-2008	.1126	.45	.45	0.1126	0.1126	.45
2006-2007	.144	.45	.45	.144	.144	.45
2005-2006	.144	.45	.45	.144	.144	.45
2004-2005	.144	.45	.45	.144	.144	.45
2003-2004	.144	.45	.45	.144	.144	.45
2002-2003	.144	.45	.45	.144	.144	.45

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (2) Tax Collections
2011-2012	\$ 3,235,021	\$ 3,199,678	98.91%	\$ 67,346
2010-2011	\$ 3,171,455	\$ 3,156,754	99.54%	\$ 48,898
2009-2010	\$ 3,092,251	\$ 3,083,654	99.72%	\$ 168,857
2008-2009	\$ 3,060,904	\$ 3,050,888	99.67%	\$ 48,033
2007-2008	\$ 2,965,908	\$ 2,928,389	98.73%	\$ 49,590
2006-2007	\$ 2,837,231	\$ 2,836,463	99.97%	\$ 29,276
2005-2006	\$ 2,771,986	\$ 2,812,849	101.47%	\$ 55,744
2004-2005	\$ 2,689,188	\$ 2,615,979	97.28%	\$ 76,273
2003-2004	\$ 2,612,519	\$ 2,513,352	96.20%	\$ 24,898
2002-2003	\$ 2,069,972	\$ 2,025,298	97.84%	\$ 34,521

Fiscal Year	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (3) Delinquent Taxes	Percent of (1) Delinquent Taxes to Tax Levy
2011-2012	\$ 3,267,024	100.99%	\$ 132,657	4.10%
2010-2011	\$ 3,205,652	101.08%	\$ 129,688	4.09%
2009-2010	\$ 3,252,511	105.18%	\$ 125,620	4.06%
2008-2009	\$ 3,098,921	101.24%	\$ 135,188	4.42%
2007-2008	\$ 2,977,979	100.41%	\$ 116,143	3.92%
2006-2007	\$ 2,865,739	101.00%	\$ 109,736	3.87%
2005-2006	\$ 2,868,593	103.49%	\$ 123,064	4.44%
2004-2005	\$ 2,692,252	100.11%	\$ 159,908	5.95%
2003-2004	\$ 2,538,250	97.16%	\$ 190,471	7.29%
2002-2003	\$ 2,059,819	99.51%	\$ 142,187	6.87%

Notes:

- (1) Exclusive of penalties and interest. Includes public service corporations and personal property reimbursement from the Commonwealth.
- (2) This heading "Delinquent Tax Collections" includes all delinquent tax collections made within the fiscal year indicated regardless of when the levy occurred. Also, included in total is the amount of refunds paid during the year.
- (3) This heading, "Outstanding Delinquent Taxes", merely reports total outstanding delinquent taxes as of the fiscal year end as one lump sum. In subsequent fiscal years, these amounts are not being reduced by subsequent collections for purposes of this schedule. Only the outstanding delinquent taxes resulting from the current fiscal year levies plus 20 years delinquent real estate taxes and 5 years delinquent personal property taxes are being reported in the lump sum amount.

TOWN OF CHRISTIANSBURG

PRINCIPAL PROPERTY TAX PAYERS
LAST THREE FISCAL YEARS

Taxpayer	Fiscal Year 2012			Fiscal Year 2011			Fiscal Year 2010		
	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	\$ 58,685,800	1	2.97%	\$ 57,252,600	1	2.95%	\$ 61,478,000	1	3.21%
Shelor Properties	55,341,900	2	2.80%	54,516,300	2	2.81%	52,234,900	2	2.73%
PR Financing	53,957,600	3	2.73%	53,960,200	3	2.78%	47,265,800	3	2.47%
Appalachian Power	24,460,658	4	1.24%	24,507,600	4	1.26%	22,763,495	4	1.19%
CENTRO Heritage Spradling Farm	16,575,700	5	0.84%	16,575,700	5	0.85%	17,630,200	6	0.92%
Wal-Mart	15,461,400	6	0.78%	15,461,400	6	0.80%	15,735,300	7	0.82%
Christiansburg Market Place	12,475,200	7	0.63%	12,475,200	7	0.64%	19,465,200	5	1.02%
Harvey Hubble, Inc.	10,498,500	8	0.53%	10,498,500	8	0.54%	10,783,300	8	0.56%
Verizon VA, Inc.	9,054,141	9	0.46%	10,329,066	9	0.53%	10,070,463	9	0.53%
Norfolk & Western	6,994,785	10	0.35%	6,559,195	10	0.34%	5,933,676	10	0.31%
	<u>\$ 263,505,684</u>		<u>13.33%</u>	<u>\$ 262,135,761</u>		<u>13.51%</u>	<u>\$ 263,360,334</u>		<u>13.75%</u>

50 Source: Montgomery County Commissioner of Revenue

WATER AND SEWER RATES
 LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
WATER										
INSIDE TOWN LIMITS										
4,000 OR LESS	\$ 16.00	\$ 13.80	\$ 13.30	\$ 13.00	\$ 12.00	\$ 11.00	\$ 11.00	\$ 10.00	\$ 10.00	\$ 10.00
PER THOUSAND FOR NEXT 96,000	4.40	4.00	3.70	3.55	3.45	3.35	3.25	3.05	2.76	2.76
PER THOUSAND FOR NEXT 5,900,000	2.40	2.20	2.20	2.20	2.10	2.10	2.10	2.00	2.00	2.00
OUTSIDE TOWN LIMITS										
4,000 OR LESS	\$ 24.00	\$ 20.70	\$ 19.95	\$ 19.50	\$ 18.00	\$ 16.50	\$ 16.50	\$ 15.00	\$ 15.00	\$ 15.00
PER THOUSAND FOR NEXT 96,000	6.60	6.00	5.55	5.32	5.175	5.025	4.875	4.575	4.14	4.14
PER THOUSAND FOR NEXT 5,900,000	3.60	3.30	3.30	3.30	3.15	3.15	3.15	3.00	3.00	3.00
SEWER										
INSIDE TOWN LIMITS										
0-4,000	\$ 26.00	\$ 23.00	\$ 23.00	\$ 22.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -	\$ -
OVER 4,000 PER THOUSAND	7.00	6.00	5.70	5.65	4.40	-	-	-	-	-
0-8,000	-	-	-	-	-	32.00	32.00	32.00	32.00	32.00
OVER 8,000 PER THOUSAND	-	-	-	-	-	4.20	4.00	4.00	4.00	4.00
OUTSIDE TOWN LIMITS										
0-4,000	\$ 39.00	\$ 34.50	\$ 34.50	\$ 33.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -	\$ -
OVER 4,000 PER THOUSAND	10.50	9.00	8.55	8.47	6.60	-	-	-	-	-
0-8,000	-	-	-	-	-	48.00	48.00	48.00	48.00	48.00
OVER 8,000 PER THOUSAND	-	-	-	-	-	6.30	6.00	6.00	6.00	6.00
GARBAGE										
INSIDE TOWN LIMITS	\$ 33.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 25.00	\$ 25.00	\$ 25.00
OUTSIDE TOWN LIMITS	48.00	45.00	45.00	45.00	39.00	39.00	39.00	37.50	37.50	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			
2011-2012	21,030	\$ 2,250,906	\$ 12,085,000	\$	-	\$ 12,085,000	.0054:1	\$ 574.66
2010-2011	21,041	2,206,646	12,635,000			12,635,000	.0057:1	745.56
2009-2010	21,041	2,170,067	13,165,000			13,165,000	.0061:1	776.83
2008-2009	19,632	2,121,348	13,680,000			13,680,000	.0064:1	807.22
2007-2008	19,507	2,053,314	14,170,000			14,170,000	.0069:1	836.14
2006-2007	19,129	1,587,810	12,615,000			12,615,000	.0079:1	744.38
2005-2006	18,542	1,534,503	13,015,000			13,015,000	.0085:1	767.98
2004-2005	18,457	1,475,105	13,400,000			13,400,000	.0091:1	790.70
2003-2004	17,939	1,432,968	2,515,000		107,250	2,407,750	.0017:1	142.08
2002-2003	17,693	1,092,315	3,140,000		510,750	2,629,250	.0024:1	155.15

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

TOWN OF CHRISTIANSBURG

SCHEDULE OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Funds					Business-Type Activities					Total Primary Government	Percentage personal income	Per Capita
	General Obligation Debt					1993 General Obligation Note	1987 General Obligation Note	2001 VA Revolving Loan Fund	1998 VA Revolving Loan Fund				
	1995 General Obligation Note	1993 General Obligation Note	1987 General Obligation Note	2007 Revenue Bond	2004B Revenue Bond								
2011-2012	\$ 780,000	\$ -	\$ -	\$ 1,710,000	\$ 9,595,000	\$ -	\$ -	\$ 5,572,974	\$ 1,105,466	\$ 18,763,440	**	**	
2010-2011	1,015,000	-	-	1,780,000	9,840,000	-	-	6,091,486	1,267,206	19,993,692	**	951	
2009-2010	1,240,000	-	-	1,845,000	10,080,000	-	-	6,592,318	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	
2003-2004	2,385,000	22,750	-	-	-	107,250	-	9,258,330	2,236,637	14,009,967	3.55%	781	
2002-2003	2,545,000	57,750	26,500	-	-	272,250	238,500	9,651,164	2,351,063	15,142,227	4.05%	856	

Notes:

Population data (See Schedule 14)

Personal Income data (See Schedule 14)

** Data not yet available

TOWN OF CHRISTIANBURG
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Legal Debt Limit: Calculation for the Fiscal Year Ended June 30, 2012

10% of assessed value of taxable real estate (1)	\$ 202,362,130
Less: Debt applicable to limit	
Bonds payable	12,085,000
Legal margin for creation of additional debt	<u>\$ 190,277,130</u>

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limit	\$ 202,362,130	\$ 198,390,733	\$ 195,892,448	\$ 190,429,739	\$ 184,174,866	\$ 158,780,991	\$ 153,450,314	\$ 147,510,548	\$ 143,296,752	\$ 109,231,451
Total net debt applicable to limit	12,085,000	12,635,000	13,165,000	13,680,000	14,170,000	12,615,000	13,015,000	13,400,000	2,407,750	2,629,250
Legal debt margin	<u>\$ 190,277,130</u>	<u>\$ 185,755,733</u>	<u>\$ 182,727,448</u>	<u>\$ 176,749,739</u>	<u>\$ 170,004,866</u>	<u>\$ 146,165,991</u>	<u>\$ 140,435,314</u>	<u>\$ 134,110,548</u>	<u>\$ 140,889,002</u>	<u>\$ 106,602,201</u>
Total net debt applicable to the limit as a percentage of debt limit	5.97%	6.37%	6.72%	7.18%	7.69%	7.94%	8.48%	9.08%	1.68%	2.41%

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)
2012	**	**	**	6.80%
2011	21,030	**	**	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%
2004	17,939	2,265,522	22,020	2.60%
2003	17,693	2,159,453	21,106	2.60%

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 2012		Fiscal Year 2003	
	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	7
Wal-Mart	250 to 499 employees	4	250 to 499 employees	4
County of Montgomery	250 to 499 employees	5	250 to 499 employees	5
Corning Glass Works	250 to 499 employees	6	250 to 499 employees	8
Shelor Motor Mile, Inc.	250 to 499 employees	7	250 to 499 employees	6
Hubbell Lighting	100 to 249 employees	8	250 to 499 employees	3
Red Lobster & The Olive Garden	100 to 249 employees	9	50 to 99 employees	19
Target Corp.	100 to 249 employees	10	100 to 249 employees	13
Lowes Home Centers, Inc.	100 to 249 employees	11	100 to 249 employees	14
Cracker Barrel Old Country Store	100 to 249 employees	12	100 to 249 employees	15
National Bank of Blacksburg	100 to 249 employees	13	100 to 249 employees	17
First National Bank (Stellar One)	100 to 249 employees	14	100 to 249 employees	10
The Home Depot	50 to 99 employees	15	100 to 249 employees	16
Texas Roadhouse	50 to 99 employees	16	100 to 249 employees	11
Community Housing Partners	less than 50	17	100 to 249 employees	9
C&S Door	less than 50	18	100 to 249 employees	12
Sears Roebuck & Company, Inc.	less than 50	19	50 to 99 employees	18

Source: Virginia Employment Commission

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

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Administration										
Town Managers office	8.5	10.5	12.0	6.5	9.0	8.0	7.0	5.5	5.5	5.0
Planning	2.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Treasurer/Finance	10.0	10.0	10.0	11.0	12.5	12.0	12.5	12.5	12.5	11.5
Human Resources	1.0	1.0	1.0	1.0	1.5	1.0	1.0	1.5	1.0	1.0
Public Relations	1.5	1.5	1.0							
Information Technology	1.5	2.0	2.0							
Public Safety										
Police	72.5	73.0	73.0	70.0	71.5	65.5	61.5	58.0	60.0	54.5
Fire	1.5	2.0	2.0	1.5	1.0	1.5	1.0	1.0	1.0	1.0
Rescue	1.0	1.0	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	9.0	11.0	11.0
Streets	33.0	35.0	35.0	33.5	34.0	34.0	32.0	31.0	34.0	34.0
Water and Sewer	32.0	36.0	36.0	36.0	36.0	37.0	35.0	34.5	38.0	38.0
Plant operations	11.5	11.5	11.5	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Engineering	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0	10.5	10.5
Building Inspections	4.5	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Parks and Recreation	79.0	86.0	86.0	79.5	90.0	77.5	75.5	71.5	69.5	37.5
Aquatics	40.5	34.0	34.0	3.0						
Cemetery	1.5	2.0	2.0	2.0	1.0	-	-	-	-	
Totals	325.5	337.5	337.5	286.0	298.5	278.5	267.5	254.5	264.0	225.0
Fire Department Volunteers	35.0	35.0	35.0	34.0	35.0	36.0	16.0	16.0	17.0	28.0
Rescue Department Volunteers	75.0	67.0	67.0	67.0	67.0	85.0	62.0	62.0	49.0	40.0

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

Schedule 17

Function/Program	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government										
Building/zoning permits issued	1,071	954	896	695	854	918	927	938	843	816
Conditional use permits approved	8	11	11	**	13	9	21	12	13	19
Rezoning requests approved		7	8	**	6	2	9	7	9	11
Streets approved for vacation	1			**	5	9	5	3	4	4
Amendments to Town Code/Ordinances	11	8	6	**	6	6	4	3	3	8
Public Safety										
Police										
Criminal offenses	2,810	2,790	2,739	2,946	2,984	2,870	2,919	2,425	2,272	1,851
Traffic warrants	7,258	5,671	5,985	5,884	6,331	5,996	5,906	5,865	3,973	3,310
Parking violations	424	385	537	330	193	238	302	302	433	369
Patrol miles driven	561,363	566,732	527,435	534,832	511,295	488,695	451,506	395,306	301,366	375,630
Fire										
Christiansburg calls answered	564	527	569	477	487	364	498	604	595	415
County calls answered	280	316	343	312	341	321	372	234	233	244
Total calls answered	844	843	912	789	828	685	870	838	828	659
Rescue										
Christiansburg calls answered	2,610	2,287	2,684	2,486	2,206	1,879	1,944	2,036	2,023	1,948
County calls answered	997	1,247	2,142	1,677	1,434	1,301	1,175	1,185	1,036	1,037
Total calls answered	3,607	3,534	4,826	4,163	3,640	3,180	3,119	3,231	3,059	2,985
Motor vehicle accidents	400	314	502	445	346	349	341	287	373	355
Medical call and others	3,207	3,220	4,324	3,698	3,294	2,831	2,778	2,944	2,686	2,630
Public Works										
Sanitation										
Trash removal in tons	8,387	8,727	9,370	9,917	12,831	11,625	10,549	10,510	9,659	8,480
Spring and fall cleanup in tons										
Junk	514.70	383.73	660.17	706.09	825.55	1,064.59	903.51	724.38	648.90	480.79
Leaves	613.50	436.48	576.56	395.77	482.81	572.50	516.55	416.67	344.43	492.85
Brush	249.60	136.96	271.14	188.00	202.60	331.87	237.78	294.11	480.40	557.12
Recycling in pounds										
Papers	568,780	480,106	488,600	573,280	479,020	441,860	447,846	495,600	452,040	399,740
Containers	350,240	308,960	283,940	246,200	191,000	158,280	156,150	145,860	131,900	126,060
Total pounds recycled	919,020	789,066	772,540	819,480	670,020	600,140	604,006	641,460	583,940	525,800
Streets										
Principal/minor arterial lane miles	45.75	45.75	45.75	45.75	45.69	45.69	45.69	45.69	38.84	38.84
Principal/minor center lane miles	15.31	15.31	15.31	15.31	15.31	15.31	15.31	15.31	13.94	13.94
Collector/local streets lane miles	202.98	202.98	202.98	195.22	194.10	191.86	185.64	183.16	183.04	181.10
Collector/local streets center lane miles	101.15	101.15	101.15	97.27	96.71	95.49	92.48	91.24	91.18	86.07
Sidewalks installed new and replaced in linear feet	1,247				112	1,240	1,240	540	540	618
Curb and gutter installed in linear feet	343								115	697
Storm drains installed in linear feet	1,628	615	1,159	1,040	952	802	961	455	386	254
(replacement 128)										
Street lights installed	21	28	22	25	59	15	20	38		12
Street signs new	76	39	39	279	131	53	284	105	174	185
Street signs repaired or replaced	310	310	310	140	190	32	1,867	1,944	1,489	927
Total street signs	5,995	5,919	5,919	5,870	5,596	5,447	5,407	5,302	5,197	5,012
Water										
New water services installed, net of removed	47	57	57	96	105	127	207	154	131	158
Total water customers in Town	1,491	9,444	9,387	6,330	9,234	9,129	9,002	8,795	8,641	8,510
New water services installed Out of Town	2	10	16	14	15	8	8	7	6	8
Accumulative water services Out of Town	486	484	474	458	444	429	421	413	406	400
Total water services in and Out of Town	9,977	9,928	9,861	9,788	9,678	9,558	9,423	9,208	9,047	8,910

(continued)

TOWN OF CHRISTIANSBURG

OPERATING INDICATORS, CAPITAL ASSET, AND
INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Water										
Water consumption in gallons Town System	536,192,792	512,486,032	560,896,508	629,847,030	447,839,220	452,457,295	366,864,130	407,813,230	420,280,000	459,853,840
Water consumption in gallons Water Authority Main					131,536,990	135,815,290	130,160,120	135,909,310	157,292,000	108,968,860
Montgomery County PSA	129,101,324	106,402,000	102,156,000	101,256,000	106,804,700	54,669,400				
Total water consumption	665,294,116	618,888,032	663,052,508	731,103,030	686,160,910	642,941,985	497,024,250	543,722,540	577,581,020	568,822,700
New water mains installed in linear feet	6,400	2,545	2,897	10,211	11,376	18,239	15,817	15,168	13,753	12,019
Cumulative water mains, feet	801,442	795,042	792,497	789,225	779,014	**	**	755,797	660,545	646,792
Cumulative water mains, miles	151.79	150.58	150.10	149.47	147.55	**	**	143.15	125.12	122.50
Sewer										
New service installed in Town, net of service removed	43	67	64	84	131	155	205	179	144	157
Accumulative services in Town	8,983	8,950	8,583	8,519	8,435	8,304	8,149	7,944	7,765	7,621
New sewer service installed Out of Town	2	11	15	12	15	10	7	-	-	2
Accumulative services Out of Town	107	105	94	79	67	52	42	35	35	35
Total sewer services In and Out of Town	8,800	8,755	8,677	8,598	8,502	8,356	8,191	7,979	7,800	7,656
New Sanitary Sewer Gravity Mains Installed in linear feet	8,614		555	12,446	9,827	12,310	21,564	18,683	16,124	14,769
New Sanitary Sewer Force Mains Installed in linear feet					786	**			875	
Total sewer system lines in linear feet	781,332	772,718	772,718	771,377	771,377	**	750,459	738,900	688,087	669,963
Total sewer system lines in miles	147.97	146.34	146.34	146.09	146.09	**	143.90	139.95	129.94	126.88
Waste Water Treatment Plant										
Gallons collected and treated	848,700,000	875,000,000	976,932,000	883,148,000	725,500,000	795,300,000	728,594,000	896,000,000	977,200,000	1,003,498,000
Average number of gallons treated per day	2,318,852	101,932,000	2,676,526	2,419,584	1,987,671	2,178,904	1,996,148	2,454,795	2,677,260	2,749,282
Parks and Recreation										
Number of programs offered										
Youth and community	100	90	90	109	100	101	80	84	119	92
Adult and community	214	194	199	188	182	166	160	134	149	124
Youth athletic	46	46	48	47	33	30	27	26	26	26
Adult athletic	18	18	18	10	9	10	8	8	8	10
Senior citizen	162	138	167	162	180	163	170	167	142	221
Special population	5	7	7	8	13	8	9	9	8	8
Youth special events	8	9	10	14	22	19	29	36	20	14
Adult special events	8	11	12	14	12	13	13	13	11	11
Senior citizen special events	21	23	18	27	32	28	23	23	30	33
Clubs	2	4	4	5	6	6	7	7	7	5
Aquatics ***										
Membership packages sold										
Resident	664	1,217								
Non resident	570	809								
Day passes sold	35,779	42,888								
Birthday parties	304	407								
Competitive meets	20	25								
Number of classes	187	238								
Cemetery ****										
Burials	70									
Cremations	11									
Lois sold	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

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2003	2004	2003
Operating Revenues										
Charges for Services:										
Water and Sewer Service Fees	\$ 6,265,568	\$ 5,484,183	\$ 5,519,143	\$ 5,292,970	\$ 4,827,387	\$ 4,695,948	\$ 4,415,735	\$ 4,232,444	\$ 4,076,538	\$ 4,034,854
Water and Wastewater Connection Fees	347,939	371,782	413,644	309,435	568,508	492,529	730,135	778,573	567,034	360,967
Penalties and Other	147,368	137,934	128,903	121,335	113,561	95,675	90,212	86,783	78,737	82,958
Total Operating Revenues	<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>	<u>\$ 4,722,309</u>	<u>\$ 4,478,779</u>
Operating Expenses										
Salaries and Wages	\$ 1,575,967	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963	\$ 1,381,847	\$ 1,210,010	\$ 1,180,164	\$ 1,184,849	\$ 1,125,620	\$ 1,167,438
Employee Benefits	240,684	198,480	220,894	231,046	228,264	201,817	178,693	200,429	165,229	158,329
Water Authority Purchases	1,469,252	1,397,224	1,289,776	1,093,827	970,469	973,921	458,827	684,754	682,606	664,635
Utilities	372,363	266,277	325,057	272,090	178,236	241,113	188,510	176,791	178,313	177,242
Repairs and Maintenance	228,393	282,621	257,696	270,086	291,846	268,173	261,224	228,892	211,991	238,797
Depreciation and Amortization	1,611,172	1,557,751	1,555,696	1,489,290	1,460,698	1,424,625	1,408,040	1,352,093	1,326,644	1,265,195
Materials and Supplies	562,508	610,372	537,265	507,036	493,383	441,504	552,214	444,071	397,881	359,458
General and Administrative	247,278	256,950	248,513	129,684	139,773	104,151	142,862	152,656	122,769	69,884
Total Operating Expenses	<u>\$ 6,207,815</u>	<u>\$ 6,098,405</u>	<u>\$ 5,894,186</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>	<u>\$ 4,212,053</u>	<u>\$ 4,100,978</u>
Operating Income (Loss)	<u>\$ 553,060</u>	<u>\$ (104,506)</u>	<u>\$ 167,502</u>	<u>\$ 255,718</u>	<u>\$ 364,940</u>	<u>\$ 418,738</u>	<u>\$ 865,548</u>	<u>\$ 666,265</u>	<u>\$ 510,256</u>	<u>\$ 377,801</u>
Nonoperating Revenues (Expenses)										
Interest and Fiscal Charges	(247,560)	(271,290)	(294,198)	(316,315)	(337,667)	(358,281)	(305,448)	(495,976)	(441,308)	(477,880)
Total Nonoperating Revenues (Expenses)	<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>	<u>(441,308)</u>	<u>(477,880)</u>
Income (Loss) Before Contributions and Transfers	<u>\$ 305,500</u>	<u>\$ (375,796)</u>	<u>\$ (126,696)</u>	<u>\$ (60,597)</u>	<u>\$ 27,273</u>	<u>\$ 60,457</u>	<u>\$ 560,100</u>	<u>\$ 170,289</u>	<u>\$ 68,948</u>	<u>\$ (100,079)</u>
Capital Contributions										
Transfers In	794,819	52,700	74,655	490,222	392,711	508,320	534,754	435,842	209,077	243,095
Change in Net Assets	<u>226,084</u>	<u>323,096</u>	<u>707,721</u>	<u>1,315,045</u>	<u>1,030,816</u>	<u>254,119</u>	<u>(39,262)</u>	<u>242,215</u>	<u>594,481</u>	<u>810,404</u>
	<u>1,326,603</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>	<u>872,506</u>	<u>953,420</u>
Net Assets, Prior Year	<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>	<u>\$ 24,022,845</u>	<u>\$ 23,069,425</u>
Net Assets, Current Year	<u>\$ 32,849,937</u>	<u>\$ 31,523,334</u>	<u>\$ 30,867,654</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>	<u>\$ 24,895,351</u>	<u>\$ 24,022,845</u>

TOWN OF CHRISTIANSBURG

ENTERPRISE FUND EXPENSES AND BOND PAYMENTS
NINE YEAR HISTORICAL

	2012	2011	2010	2009	2008	2007	2006	2005	2004
Water									
Personal service -									
Salaries, wages,									
payroll taxes, and									
retirement									
Fringe benefits - Insurance	\$ 468,555	\$ 454,598	\$ 468,555	\$ 458,717	\$ 490,744	\$ 333,036	\$ 323,384	\$ 327,940	\$ 331,974
Water Authority purchases	73,414	69,801	73,414	77,921	103,932	81,464	74,241	83,848	63,321
Utilities	1,269,775	1,397,224	1,269,775	1,093,827	970,469	973,921	458,827	684,754	682,606
Repairs & maintenance	28,408	27,006	28,408	26,996	17,749	17,749	16,359	17,199	17,199
Depreciation & amortization	115,720	96,786	115,720	84,498	119,841	98,918	99,940	70,583	60,403
Materials & supplies	332,147	340,940	332,147	313,855	318,787	308,169	305,061	291,524	281,628
General & administrative	105,504	153,964	105,504	103,345	117,005	146,153	219,606	165,252	184,807
Bond payments- principal	57,039	67,990	57,039	32,227	39,403	31,368	26,155	33,986	26,245
Bond payments- interest									
Water Totals	\$ 2,450,562	\$ 2,608,309	\$ 2,450,562	\$ 2,191,386	\$ 2,178,936	\$ 1,994,951	\$ 1,524,963	\$ 1,674,246	\$ 1,648,182
Waste Water Operations									
Personal service -									
Salaries, wages,									
payroll taxes, and									
retirement									
Fringe benefits - Insurance	\$ 388,298	\$ 420,184	\$ 388,298	\$ 396,544	\$ 305,338	\$ 328,434	\$ 321,100	\$ 348,653	\$ 302,402
Water Authority purchases	67,718	54,942	67,718	77,850	50,431	67,509	56,968	62,850	54,012
Utilities	95,479	80,762	95,479	74,083	43,066	65,367	46,157	44,890	49,524
Repairs & maintenance	72,097	114,995	72,097	91,444	70,034	98,010	71,824	70,792	55,997
Depreciation & amortization	458,528	466,372	458,528	438,349	441,555	424,854	406,334	373,475	351,046
Materials & supplies	133,397	156,480	133,397	91,223	66,262	51,432	77,256	44,442	46,740
General & administrative	68,941	91,179	68,941	35,928	29,227	18,813	16,778	21,230	17,795
Bond payments- principal								107,250	165,000
Bond payments- interest								4,987	7,490
Waste Water Totals	\$ 1,284,458	\$ 1,384,914	\$ 1,284,458	\$ 1,205,221	\$ 1,006,813	\$ 1,044,410	\$ 996,486	\$ 1,078,599	\$ 1,049,706
Waste Water Treatment Plant									
Personal service -									
Salaries, wages,									
payroll taxes, and									
retirement									
Fringe benefits - Insurance	\$ 621,538	\$ 633,748	\$ 621,538	\$ 619,702	\$ 585,765	\$ 548,510	\$ 535,671	\$ 508,256	\$ 491,244
Water Authority purchases	79,762	73,738	79,762	75,475	73,901	52,844	47,484	53,731	47,896
Utilities	202,071	178,508	202,071	171,011	116,415	153,854	124,604	115,542	112,590
Repairs & maintenance	69,879	70,840	69,879	94,144	101,071	81,245	89,460	87,517	95,892
Depreciation & amortization	765,021	750,439	765,021	737,086	700,356	691,602	686,585	694,094	693,970
Materials & supplies	298,364	300,128	298,364	312,468	310,116	243,919	255,352	234,377	166,334
General & administrative	122,533	97,781	122,533	61,530	71,143	53,970	99,929	97,440	78,729
Bond payments- principal	634,055	656,747	634,055	612,147	590,997	570,578	628,750	745,001	745,759
Bond payments- interest	294,198	271,290	294,198	316,315	337,667	358,281	305,448	490,989	433,818
Waste Water Treatment Plant Totals	\$ 3,087,421	\$ 3,033,219	\$ 3,087,421	\$ 2,999,878	\$ 2,887,431	\$ 2,754,803	\$ 2,783,283	\$ 2,724,947	\$ 2,866,232
Totals									
Personal service -									
Salaries, wages,									
payroll taxes, and									
retirement									
Fringe benefits - Insurance	\$ 1,478,391	\$ 1,508,530	\$ 1,478,391	\$ 1,474,953	\$ 1,381,847	\$ 1,210,010	\$ 1,180,164	\$ 1,184,849	\$ 1,125,620
Water Authority purchases	220,894	198,481	220,894	231,045	228,264	201,817	178,693	200,429	165,220
Utilities	1,269,775	1,397,224	1,269,775	1,093,827	970,469	973,921	458,827	684,754	682,606
Repairs & maintenance	325,958	266,276	325,958	272,090	178,236	241,113	188,510	176,791	179,313
Depreciation & amortization	1,555,696	1,557,751	1,555,696	1,488,290	1,460,698	1,424,625	1,408,040	1,359,093	1,326,644
Materials & supplies	537,265	610,572	537,265	507,036	483,383	441,504	532,214	444,071	397,881
General & administrative	248,513	256,950	248,513	129,685	139,773	104,151	142,862	152,656	122,769
Bond payments- principal	634,055	656,747	634,055	612,147	590,997	570,578	628,750	745,001	745,759
Bond payments- interest	294,198	271,290	294,198	316,315	337,667	358,281	305,448	495,976	441,308
Totals	\$ 6,822,441	\$ 7,026,442	\$ 6,822,441	\$ 6,396,485	\$ 6,073,180	\$ 5,794,173	\$ 5,301,732	\$ 5,477,62	\$ 5,504,120

Compliance Section

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

Certified Public Accountants

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Christiansburg with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Town of Christiansburg's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of Christiansburg's management. Our responsibility is to express an opinion on the Town of Christiansburg's compliance based on our audit.

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 Town of Christiansburg'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. Our audit does not provide a legal determination of Town of Christiansburg's compliance with those requirements.

In our opinion, Town of Christiansburg complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Town of Christiansburg is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Town of Christiansburg's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Town of Christiansburg's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Town Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Michael B. Cook, CPA, PC

Blacksburg, Virginia
October 26, 2012

TOWN OF CHRISTIANBURG

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<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.S. Department of Transportation			
Pass-through programs from:			
Virginia Department of Transportation:			
TEA-21 - Downtown Christiansburg Project	20.205	EN00-154-122,PE101,RW201, C501;UPC 56407	\$ 2,409
U.S. National Highway Traffic Administration			
Pass-through programs from:			
Virginia Department of Motor Vehicles:			
Home Grown Traffic Safety Initiatives	20.607	154AL-2011-51179-4121	6,169
Selective Enforcement	20.607	154AL-2012-52147-4525	27,335
U.S. Department of Energy			
Pass-through programs from:			
Virginia Department of Mines, Minerals, and Energy:			
ARRA - Biomass Energy Grant Program	* 81.086	C10-6051	406,806
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
Department of Housing and Community Development:			
Community Development Block Grant	* 14.218	B-10-MC-51-0028	113,814
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607	1121-0235	1,168
Information Technology Improvement	16.738	13-C5843CRI11	18,600
Pass-through programs from:			
Bureau of Justice Assistance:			
Commonwealth of Virginia Department of Criminal Justice:			
Crime Prevention - Crime View Software	16.738	11-A2125AD08	18,444
ARRA - Internet Crimes Against Children	16.800	11-A2272AC11	45,096
Local Law Enforcement Block Grant	16.738	11-L1020LO10	258
Office of Justice Programs:			
Bedford County, Virginia			
ARRA - Internet Crimes Against Children	16.800	2009-SN-B9-K012	16,381
Total expenditures of federal awards			<u>\$ 656,480</u>

* Denotes major program

TOWN OF CHRISTIANSBURG

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Town of Christiansburg, Virginia.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Town of Christiansburg, Virginia were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to the Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Town of Christiansburg, Virginia, expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Town of Christiansburg, Virginia, are reported in Part C. of this schedule.
7. The programs tested as a major program includes:
 - Biomass Energy Grant Program - CFDA # 81.086
 - Community Development Block Grant - CFDA # 14.218
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Town of Christiansburg, Virginia, was not determined to be a low risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. FINDINGS AND QUESTIONED COSTS - COMMONWEALTH OF VIRGINIA

Condition:

Two out of the ten members of the Town's appointed governing body and management did not file their statements of economic interest by the 15th of January as required by the Code of Virginia. Both members are still members of the Town's governing body.

Recommendation:

Steps should be taken to ensure that these statements are filed in a timely manner.

Management's Response:

The auditee concurs with this recommendation.

TOWN OF CHRISTIANBURG

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. 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 assets, 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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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 the basic financial statements of the governmental activities, business-type activities, and each major fund of the Town of Christiansburg, Virginia, as of and for the year ended June 30, 2012, which collectively comprise the Town of Christiansburg's basic financial statements and have issued our report thereon dated October 26, 2012. 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.

Internal Control Over Financial Reporting

Management of the Town of Christiansburg, Virginia, is responsible for establishing effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Christiansburg's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Christiansburg's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Christiansburg's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Christiansburg's financial statements are free of 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*.

This report is intended solely for the information and use of the Town Council, management, and state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Michael B. Cooke, CPA, PC

Blacksburg, Virginia
October 26, 2012

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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH CERTAIN
PROVISIONS OF LAWS, REGULATIONS, CONTRACTS, AND GRANTS

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

We have audited the accompanying financial statements of the Town of Christiansburg, Virginia, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 26, 2012.

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *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 of material misstatement.

As part of obtaining reasonable assurance about whether the Town of Christiansburg's financial statements are free of material misstatement, we also performed tests of compliance with certain provisions of laws, regulations, contracts, and grants related to the following state compliance matters:

State Compliance Matters

Code of Virginia:

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

State Agency Requirements:

Highway Maintenance Funds

Compliance with laws, regulations, contracts, and grants, applicable to the Town of Christiansburg, Virginia, is the responsibility of the Town's management. Providing an opinion on such provisions was not an objective of our audit of the financial statements and, accordingly, we do not express such an opinion.

The results of our tests relating to the above mentioned state compliance matters disclosed the following instances of noncompliance that are required to be reported:

All locally appointed officials must file an annual disclosure form (Section 2.2-3115 of the Code of Virginia) with the clerk of the governing body by January 15th each year. All required disclosure forms were not received by the clerk as of this due date.

This report is intended solely for the information and use of Town Council, management, and state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Michael B. Cooke, CPA, PC

Blacksburg, Virginia
October 26, 2012