

TOWN OF CHRISTIANSBURG, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(JULY 1, 2012 TO JUNE 30, 2013)



VALERIE TWEEDIE CPA CFE CGFM
FINANCE DIRECTOR/TREASURER



TOWN OF CHRISTIANBURG, VIRGINIA

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Introductory Section

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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

November 20, 2013

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

Section 15.1-167 of the *Code of Virginia*, requires an annual independent audit and report of financial activity of the Town presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accounts. Pursuant to that requirement, the Finance Department and Town Manager's Office hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Christiansburg, Virginia for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the Town of Christiansburg. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds of the Town.

The Report

The Town of Christiansburg's financial statements have been audited by the independent certified public accounting firm of Michael B. Cooke, C.P.A., P.C. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Christiansburg for the fiscal year ended June 30, 2013, 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, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented at the front of the financial section of this report.

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

Town of Christiansburg
Letter of Transmittal continued

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

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

Profile of the Government

Location, History, and Government

The Town of Christiansburg was founded and organized in 1792 and incorporated in 1833. The Town is located in Montgomery County, and is the county seat. The Town has a land area of 13.9 square miles. Christiansburg is the fourth largest town in the Commonwealth of Virginia with 21,041 residents (2010 Census). The Town is empowered to levy a property tax on real properties located within its boundaries. Town residents are also citizens of and are subject to taxation by Montgomery County.

The Town of Christiansburg is organized under the Council-Manager form of government. The Town Council is the legislative body of the Town and is comprised the mayor and six council members, who enact laws, determine policies and adopt the annual budget. The Council, including the Mayor, is elected at large for four-year overlapping terms. Town Council appoints a Town Manager to who is responsible for the daily management of the Town.

For financial reporting purposes, the Town of Christiansburg includes all funds, agencies, boards, commissions and authorities that are controlled by or are financially dependent upon the Town. Control by or financial dependence was determined on the basis of obligation of the Town to finance deficits, guarantee debt, select the governing authority, approve the budget, have authority to make a public levy, and to have ownership of assets. The Town of Christiansburg has not identified any entities that should be reported as discretely presented component units of the Town.

Jointly governed organizations of the Town of Christiansburg that require only note disclosure presentation are the Blacksburg-Christiansburg-VPI Water Authority, Montgomery Regional Solid Waste Authority, the Virginia Tech-Montgomery Regional Airport Authority, the

Town of Christiansburg
Letter of Transmittal continued

Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization, 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 as well as courts and social services programs.

Accounting System and Budgetary Control

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the Town's utilities and other proprietary activities are maintained on the accrual basis.

In developing the Town's accounting system, consideration is given to the adequacy of internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Town's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Town Council adopts an annual budget prepared by Town management. This budget is reviewed by the Town Council and is formally adopted by the passage of a budget ordinance. The Director of Finance is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

Town of Christiansburg
Letter of Transmittal continued

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds these comparisons are presented in Exhibit G through Exhibit J as part of the basic financial statements for the governmental funds. The budget-to-actual comparison for the permanent fund is shown in the statistical section of the report as schedule 21.

Local Economy

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

The Town of Christiansburg is located along the I 81 corridor in Montgomery County and is the county seat. The Town is the major retail shopping outlet for the surrounding community which includes the City of Radford and the Town of Blacksburg. The City of Radford is home to Radford University and the Town of Blacksburg is home to Virginia Tech, each house a large annual student population and Virginia Tech has a strong and popular football team which attracts thousands of visitors throughout the football season. Christiansburg is also home to the Nationwide Dish Network customer service facility. In October of 2012 BackCountry.com opened a major distribution center in the industrial park and is expected to employ approximately 500 people when fully operational over the next several years. The Town continues to work with the Economic Development Department of Montgomery County to increase its business base and industrial customers. Although the Town saw declines in revenues during the recessionary period we have held our own fairly well and are beginning to see small improvements in the local economy and our reserves are stable.

Long-term Financial Planning

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

Town of Christiansburg
Letter of Transmittal continued

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

Relevant Financial Policies

The annual budget serves as the Town's operations plan and is prepared in accordance with Virginia Law providing a forecast for future year's operations and capital needs. This format provides the governing body with information to assess the sustainability of ongoing operational as well as capital needs and what changes may need to be made in the future to create a fiscally sound and sustainable plan.

Each year the budget includes new assignments of fund balance for projects and capital needs in the future. The Town has adopted a fund balance policy that sets forth best practices for the amount of unassigned fund balance to be retained and the use of those balances for nonoperational costs. These fund balances are reviewed each year and appropriate actions taken to ensure appropriate fund balances are in place.

The Town invests its reserved or assigned fund balances in local banks in certificates of deposits, savings, and money market funds to provide liquidity and to guard against the risk of loss. 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. The 2013-2014 budget has increased the real estate tax rate to 0.13. In 1980 the tax rate was 0.225 per \$100 and was reduced in 1983 to 0.175 and again in 1990 to 0.144 the rate was reduced during significant growth and development and increased assessed values. The personal property tax rate is 0.45 per hundred and has not been changed since 1987 when the rate was reduced from 2.25 per hundred. Citizens of Christiansburg are taxed by both the Town and Montgomery County. The County increased its real estate tax rate for 2013 from 0.87 per hundred to 0.89. Its personal property tax rate increased from 2.45 per hundred in 2012 to 2.55 in 2013. The increased real estate rate is primarily to fund the construction of three new schools within the County.

Town of Christiansburg
Letter of Transmittal continued

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 \$ 1,865,433. 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 \$12.5 million.

The Town also provides another pension benefit for personnel hired before June 30, 2011 that accrues from divesting a retiree of accrued sick leave upon retirement. The details of this plan are also described in the footnotes of the financial statements. The system is on a pay as you go basis and has an unfunded accrued liability of \$ 1,823,542 as of the last valuation date of June 30, 2013.

Christiansburg also provides its employees who retire from the Town with 20 years of service an amount that is to be paid into a medical reimbursement account. This other post-employment benefit is also a pay as you go system and has an unfunded accrued liability of \$1,623,059 as of the last valuation date of June 30, 2013.

Major Initiatives

During this fiscal year the Town made great strides in completing the design and acquiring easements for the full connectivity of the Huckleberry Trail from the NRV Mall to the Recreation Center. Town forces completed about 1100 feet of trail along Cambria Street. Our sincerest thanks and appreciation to Rodger & Barbara Woody for their generous donation of just over 8 acres of land for development of the trail system.

We have also moved forward with an initiative to change our garbage collection system to utilize automated trucks to pick up larger trash receptacles. This system will provide a cleaner look in the communities during trash removal days, reduce injuries to workers, and increase the efficiency of weekly trash collection. The containers were acquired during this fiscal year and the new trucks will be delivered in the spring of 2014.

The Town also acquired approximately 62 acres of land for future recreational development in keeping with the Town's Vision for A Green Community; A Recreation, Cultural, and Entertainment Mecca; A Clean, Healthy, Safe Place to Live.

Town of Christiansburg
Letter of Transmittal continued

The Fire Department was able to acquire a new ladder truck with general fund truck reserves and funds from Virginia Fire Programs. It is a great addition to our fire department.



Awards and Acknowledgements

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

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 we were awarded 2nd place in Virginia for agencies with 50-75 officers.

Town of Christiansburg
Letter of Transmittal continued

National award for best community relations vehicle featured in Law and Order Magazine for honoring our troops.



Police Chief Mark Sisson

Town of Christiansburg
Letter of Transmittal continued

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

Outstanding EMS Agency
Chief Coyle was recognized as Outstanding EMS Agency Administrator

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Christiansburg for its comprehensive annual financial report (CAFR) for the fiscal year ending June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards and satisfy both generally accepted accounting principles and applicable legal requirements.

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



Finance/Treasurers Office Staff

Left to right front Row: Debbie Reed, Lori Bayne, Deborah Mauricio, Valerie Tweedie, Nickie Linkous
Back Row: Jeff Groseclose, Stacy Harris, Sherry Hunter, Amber Beasley, Marc Evans

Town of Christiansburg
Letter of Transmittal continued

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

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

Respectfully submitted,



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



Barry Helms
Town Manager
Town of Christiansburg



Government Finance Officers Association

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

Presented to

**Town of Christiansburg
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

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TOWN OF CHRISTIANBURG, VIRGINIA

LIST OF PRINCIPAL OFFICIALS

June 30, 2013

MEMBERS OF TOWN COUNCIL

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

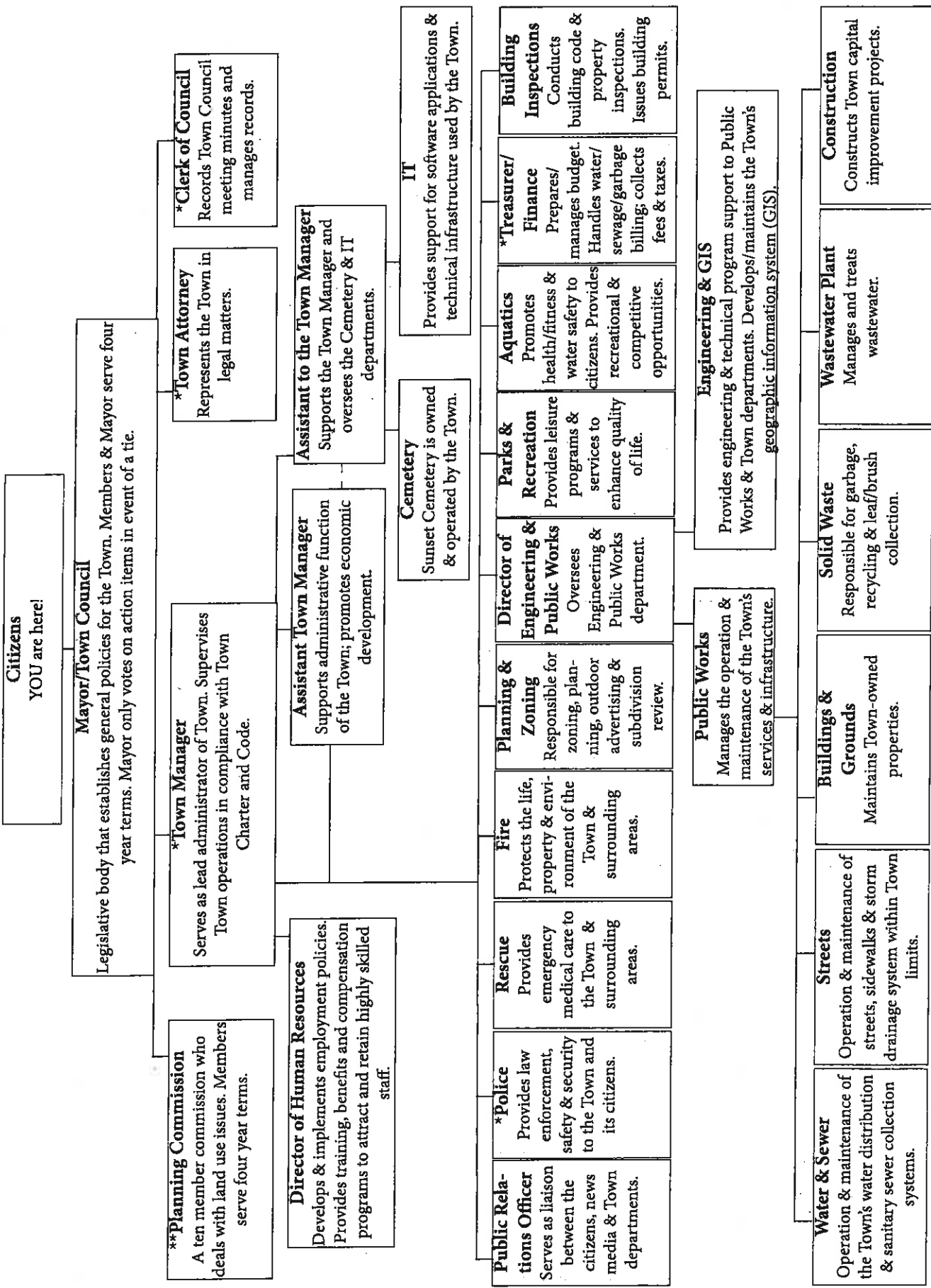
GENERAL TOWN GOVERNMENT

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Christiansburg as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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, Analysis of Funding Progress for Sick Pay Plan and Analysis of Funding Progress for Retirement Service Merit Plan on pages 5-12, 44, 45 and 46, respectively, supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2013, on our consideration of the Town of Christiansburg, Virginia's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion

on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Christiansburg, Virginia's internal control over financial reporting and compliance.

Michael B. Cooke, CPA, PC

Blacksburg, Virginia
November 20, 2013

**TOWN OF CHRISTIANSBURG, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2013**

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, 2013. It should be read in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total net assets decreased by \$285,157 during the fiscal year, on the government-wide basis. The Town's total net assets, on the government-wide basis, totaled \$148,284,850 at June 30, 2013. Of this amount, \$12,200,745 may be used to meet ongoing obligations to citizens and creditors, \$129,356,750 is invested in capital assets, net of related debt, \$433,263 is restricted for perpetual care in the Cemetery Fund; \$6,294,092 is restricted for other purposes.
- On a government-wide basis for governmental activities, the Town had expenses (including transfers) net of program revenues of \$23,306,895, which totaled \$794,266 more than the general revenues, of \$22,512,631.
- At June 30, 2013 the Town's governmental funds balance sheet reported total ending fund balances of \$17,428,803 of which \$519,055 was nonspendable as a part of the cemetery perpetual care fund and prepaid expenses of the general fund, \$1,737,118 was restricted by law or donor restrictions; \$3,114,299 was assigned to specifics savings for future needs of the Town and \$12,058,331 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 15 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 16 and 18.

The Cemetery Fund (Permanent Fund) is a nonmajor 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. The funds primarily come from federal, state, and county grants and specific donations to the Fire department and Rescue department.

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

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

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net 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 \$148,284,850 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, 2013 (In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 22,248	\$ 23,805	\$ 1,769	\$ 1,082	\$ 24,016	\$ 24,887
Capital assets, net	108,281	107,610	38,559	39,431	146,840	147,041
Total Assets	130,529	133,572	40,328	40,513	170,857	171,928
Other liabilities	2,866	2,521	890	872	3,756	3,393
Long-term liabilities	12,737	13,174	6,079	6,791	18,816	19,965
Total Liabilities	15,603	15,695	6,969	7,663	22,572	23,358
Net assets:						
Invested in capital assets, net of related debt	96,771	95,524	32,585	32,753	129,357	128,277
Restricted	6,727	6,424	-	-	6,727	6,424
Unrestricted	11,427	13,772	774	97	12,201	13,869
Total Net Assets	114,925	115,720	33,359	32,850	148,285	148,570

The Town's combined net assets decreased from \$148,570,007 to \$148,284,850 as a result of the increase in net assets of Business-type activities of \$509,109 and the decrease in Governmental activities of \$794,266. 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 \$11,426,955. 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 \$6,727,355; \$433,263 is restricted for the use of perpetual care in the Cemetery Fund and \$6,294,092 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, 2013
(In Thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for services	\$ 2,415	\$ 2,433	\$ 6,959	\$ 6,614	\$ 9,374	\$ 9,047
Operating grants and contributions	575	1,138	-	-	575	1,138
Capital grants and contributions	41	8	46	-	87	8
General Revenues:						
Property taxes	3,129	3,076	-	-	3,129	3,076
Local portion of state sales taxes	1,589	1,563	-	-	1,589	1,563
Business and professional occupational license taxes	2,082	2,030	-	-	2,082	2,030
Utility taxes	552	505	-	-	552	505
Prepared food and beverage taxes	6,164	5,623	-	-	6,164	5,623
Commonwealth share-personal property taxes	229	229	-	-	229	229
Cigarette tax	619	630	-	-	619	630
E-911 and communication taxes	957	931	-	-	957	931
Transient room taxes	1,300	920	-	-	1,300	920
Other taxes	1,277	1,328	-	-	1,277	1,328
Permits, Fees and Licenses	171	190	-	-	171	190
Interest and Investment Income	228	165	-	-	228	165
Fines and Forfeitures	173	127	-	-	173	127
Miscellaneous	608	477	156	147	764	622
Cemetery	29	91	-	-	29	91
Payments from Other Governments- State and Federal	3,538	3,429	-	-	3,538	3,429
Total Revenues	25,676	24,893	7,161	6,761	32,837	31,654
Expenses						
General Government	2,435	2,220	-	-	2,435	2,220
Public Safety	8,198	8,659	-	-	8,198	8,659
Public Works	9,148	5,560	-	-	9,148	5,561
Health and Welfare	3	3	-	-	3	3
Parks, Recreation and Cultural	4,664	4,564	-	-	4,664	4,564
Community Development	1,364	1,410	-	-	1,364	1,410
Interest and Fiscal Charges	525	550	-	-	525	550
Water	-	-	6,652	6,455	6,652	6,455
Total Expenses	26,337	26,786	6,652	6,455	32,989	33,241
Capital contributions	-	-	-	610	-	610
Insurance recoveries	3	2	-	-	3	2
Transfers	-	(411)	-	411	-	-
Special item	(136)	-	-	-	(136)	-
Increase (Decrease) in Net Assets	(794)	(2,302)	509	1,327	(285)	(975)
Net Assets, Beginning	115,720	118,022	32,850	31,523	148,570	149,545
Net Assets, Ending	\$ 114,926	\$ 115,720	\$ 33,359	\$ 32,850	\$ 148,285	\$ 148,570

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 \$2,264,850.

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 47% 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 include items such as recreational fees and garbage collection fees represent approximately 9% of the governmental activities revenues.

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

Public Works expenses comprised approximately 35% 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 18% of government activities expenses.

The General fund returned to the Christiansburg Fire Department donated funds in the amount of \$136,728 as a special item when the fire department renewed its 501(c) 3 status for donated funds during the fiscal year ending June 30, 2013.

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 \$509,109 primarily due to several planned capital improvement projects not completed as anticipated during the year, as well as some decreases in costs of operations.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

For the fiscal year ended June 30, 2013, the governmental funds reflect a total fund balance of \$17,428,803. Of this amount \$12,058,331 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 decreased by \$1,967,465 during the fiscal year ending June 30, 2013 primarily due to the acquisition of approximately 62 acres (\$2.5 Million) of land for future recreational development and transferring \$552,308 of Virginia Fire Programs funds from the General Fund to a special revenue fund, but for these two items fund balance would have increased by \$1.26 million.

The Special Revenue fund balance decreased by \$ 29,686 from the prior year. This was the net effect of a number of transactions within the special revenue

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

funds. The most noteworthy being the transfer of the Virginia Fire Programs funds to the special revenue fund in the amount of \$552,308 and the expenditure of \$349,715 from the same fund for half the cost of a new ladder truck; transferring \$136,728 of funds donated to the fire department to a 501(c) 3; The spend down of several federal and state grant carry over balances from the prior period and expenditure of \$89,518 from the Renva Knowles Estate for the construction and design of the Renva Knowles Bridge and the Huckleberry Trail, a recreational bike and walking trail throughout the Town and connecting the trail through Montgomery County to the Town of Blacksburg.

Local taxes generated the majority of General Fund revenue, totaling approximately \$17,621,503 in fiscal year ending June 30, 2013.

Intergovernmental revenue is the second largest source of General Fund revenues, generating approximately \$3,821,443 in fiscal year ending June 30, 2013. 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 from the Virginia Department of Transportation.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues were more than the budgeted revenues by \$955,858 due to higher than expected revenues from meals and lodging taxes.

General Fund expenditures were less than the budgeted amount by \$2,339,920 for general operations due primarily to several large capital projects not being completed within the fiscal year.

CAPITAL ASSETS

As of June 30, 2013, the Town's capital assets for its governmental and business-type activities amounted to \$146,840,593 (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 decrease (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, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Land	\$ 5,367	\$ 2,699	\$ 12	\$ 12	\$ 5,379	\$ 2,711
Construction in Progress	430	308	-	-	430	308
Streets & Highways	69,663	72,551	-	-	69,663	72,551
Land Improvements	1,562	1,713	-	-	1,562	1,713
Buildings & Structures	25,385	25,651	18,410	19,138	43,795	44,789
Equipment	3,003	2,610	20,137	20,281	23,140	22,891
Vehicles	1,267	681	-	-	1,267	681
Infrastructure	1,478	1,265	-	-	1,478	1,265
Bond Issue Cost	126	132	-	-	126	132
Total	\$ 108,281	\$ 107,610	\$ 38,559	\$ 39,431	\$ 146,840	\$ 147,041

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

The acquisition of approximately 62 acres of land for future recreational development; a new ladder truck for the fire department of \$ 700,000; \$214,000 for a new street sweeper; \$980,000 in road paving and repaving; \$277,000 for new and replacement sidewalks and trails; and \$342,655 for new garbage cans to be distributed to residents for garbage collection with new automated garbage collection vehicles to be delivered in 2014.

LONG-TERM DEBT

At June 30, 2013, the Town's long-term liabilities, not including compensated absences, landfill closure, bond premiums and post closure care costs payable, totaled \$17,483,842 comprised of \$11,510,000 related to governmental activities, and \$5,973,842 related to business-type activities. Total debt decreased by \$1,279,598 during the fiscal year.

The Charter of the Town of Christiansburg and Code of Virginia limits the Town's net debt to 10% of the assessed valuation of real estate within the Town limits. This limit applies to governmental activity debt 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 \$11,510,000 is well below the legal debt limit of \$189,617,214 (see Schedule 13 of Statistical Section).

Interest and fiscal charges for fiscal year ending June 30, 2013 were \$536,163 of the total governmental activities expenses.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic outlook during 2013 was somewhat improved over the previous 3 years however we do not see the level of improvement originally anticipated. The unemployment rate has decreased from 6.8 % to 5.3% as of August 2013. The unemployment rate for the State of Virginia is at 5.6% as of August 2013. The impact on the unemployment rate and general revenues as a result of the federal government shut down in September has not yet been determined. In the short term the Town has not felt a significant effect but may as the year presses forward.

Another indicator of the state of the economy is the sales tax revenue, which is directly proportional to the retail sales. Retail sales did increase at slow rate through 2013, approximately 2% , and the Town realized an increase in revenue of \$26,228 or 2% as well. Overall the economic indicator is that sales are improving indicating some slow economic growth in the area. Revenues are almost at the pre-recession levels.

In addition to sales tax numbers the tax imposed by the Town on meals and lodging have increased over prerecession levels even when factoring out the increases in the rates charged. Transient lodging tax revenue increased \$383,037 over 2012 or 42% . 10% of this increase is from growth and 32% is in increase in the rate from 7% to 9% . Prepared meals tax increased by \$527,612 or 9% ; 2% of which was from a fee increase of 0.5% and 7% was from increased sales.

In the fiscal year ending June 30 2013 we saw a 10% decline in building permits within the Town which may indicate a slowdown in the construction industry although other indicators are signaling the opposite. The decline may be a timing issue in more permits pulled late in the prior year and continuing into the current year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

These signals seem to indicate that the economy in our area is stabilizing with some 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 2013-2014 budget includes a rate increase for water and sewer fees to help offset the increased costs of water purchases from the NRV Regional Water Authority as well as improvements in the Town's infrastructure for water and waste water systems. We have anticipated only moderate improvement in the economy and hence conservative estimates of revenues in this budget cycle.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional information should be directed to the Town Manager or the Director of Finance at 100 East Main Street, Christiansburg, Virginia 24073, telephone (540)382-6128. The Town's website address is www.christiansburg.org.

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 4,888,463	\$ -	\$ 4,888,463
Cash and Cash Equivalents, reserved	3,274,919	-	3,274,919
Cash and Cash Equivalents, restricted	1,495,146	-	1,495,146
Investments - short-term	9,481,991	-	9,481,991
Receivables (net of allowance for uncollectibles)	3,242,109	1,124,336	4,366,445
Prepaid Items	86,346	17,659	104,005
Due from (to) Other Funds	(626,574)	626,574	-
Due from Other Governments	405,156	-	405,156
Total Current Assets	22,247,556	1,768,569	24,016,125
Noncurrent Assets:			
Capital Assets (net of accumulated depreciation)			
Land	5,367,469	12,500	5,379,969
Land Improvements	1,562,304	-	1,562,304
Buildings and Structures	25,385,074	18,410,296	43,795,370
Machinery and Equipment	3,003,128	20,136,303	23,139,431
Vehicles	1,266,965	-	1,266,965
Infrastructure	1,477,581	-	1,477,581
Construction in Progress	429,814	-	429,814
Streets and Highways	69,662,934	-	69,662,934
Bond Issue Cost (net of amortization)	126,225	-	126,225
Total Capital Assets, Net	108,281,494	38,559,099	146,840,593
Total Noncurrent assets	108,281,494	38,559,099	146,840,593
Total Assets	130,529,050	40,327,667	170,856,717
Liabilities			
Current Liabilities			
Accounts Payable	2,235,220	-	2,235,220
Consumer Deposits	-	338,958	338,958
Due to Water Authority	-	426,925	426,925
Salaries Payable	408,465	62,032	470,497
Accrued General Obligation Bond Interest	-	61,646	61,646
Interest Payable	215,469	-	215,469
Deferred Revenue	6,885	-	6,885
Total Current Liabilities	2,866,039	889,562	3,755,601
Long-Term Liabilities:			
Due within one year	669,571	740,338	1,409,909
Due in more than one year	11,717,640	5,338,721	17,056,361
Other Post-Employment Benefits	349,996	-	349,996
Total Long-Term Liabilities	12,737,207	6,079,059	18,816,266
Total Liabilities	15,603,246	6,968,621	22,571,867
Net Assets			
Invested in Capital Assets, Net of Related Debt	96,771,494	32,585,256	129,356,750
Restricted for:			
Cemetery Perpetual Care	433,263	-	433,263
Public Works	894,352	-	894,352
Public Safety	3,078,797	-	3,078,797
Employee Benefits	1,045,707	-	1,045,707
Parks and Recreation	1,003,082	-	1,003,082
Debt	272,154	-	272,154
Unrestricted	11,426,955	773,790	12,200,745
Total Net Assets	114,925,804	33,359,046	148,284,850

See accompanying notes to financial statements.

TOWN OF CHRISTIANBURG

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,435,046	\$ -	\$ -	\$ -
Public Safety	8,198,793	-	575,182	41,008
Public Works	9,147,882	1,393,075	-	-
Health and Welfare	3,193	-	-	-
Parks, Recreation, and Culture	4,664,025	1,021,767	-	-
Community Development	1,363,587	-	-	-
Interest on Long-Term Debt	525,402	-	-	-
Total Governmental Activities	<u>26,337,928</u>	<u>2,414,842</u>	<u>575,182</u>	<u>41,008</u>
Business-Type Activities:				
Water and Sewer	6,651,445	6,958,537	-	-
Grants in Aid of Construction	-	-	-	45,971
Total Business-Type Activities	<u>6,651,445</u>	<u>6,958,537</u>	<u>-</u>	<u>45,971</u>
Total Primary Government	<u>\$ 32,989,374</u>	<u>\$ 9,373,379</u>	<u>\$ 575,182</u>	<u>\$ 86,979</u>

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
 Transfers
 Special Item
 Total General Revenues and Transfers

Change in Net Assets
 Net Assets, July 1, 2012
 Net Assets, June 30, 2013

Net (Expense) Revenue and Change in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(2,435,046)	\$ -	\$ (2,435,046)
(7,582,603)	-	(7,582,603)
(7,754,807)	-	(7,754,807)
(3,193)	-	(3,193)
(3,642,258)	-	(3,642,258)
(1,363,587)	-	(1,363,587)
(525,402)	-	(525,402)
<u>(23,306,895)</u>	<u>-</u>	<u>(23,306,895)</u>
-	307,092	307,092
-	45,971	45,971
-	353,063	353,063
<u>\$ (23,306,895)</u>	<u>\$ 353,063</u>	<u>\$ (22,953,832)</u>
3,129,019	-	3,129,019
1,589,154	-	1,589,154
6,163,941	-	6,163,941
6,757,795	-	6,757,795
170,580	-	170,580
217,128	-	217,128
228,040	-	228,040
3,799,427	-	3,799,427
172,565	-	172,565
28,930	-	28,930
392,780	156,046	548,826
<u>(136,728)</u>	<u>-</u>	<u>(136,728)</u>
<u>22,512,631</u>	<u>156,046</u>	<u>22,668,677</u>
(794,266)	509,109	(285,157)
115,720,070	32,849,937	148,570,007
<u>\$ 114,925,804</u>	<u>\$ 33,359,046</u>	<u>\$ 148,284,850</u>

TOWN OF CHRISTIANBURG

Exhibit C

GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013

	General	Cemetery	Special Revenue	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 4,742,439	\$ -	\$ -	\$ 4,742,439
Cash and Cash Equivalents, reserved	2,856,926	-	-	2,856,926
Cash and Cash Equivalents, restricted	-	-	2,043,189	2,043,189
Investments - short-term	9,079,972	402,019	15,974	9,497,965
Receivables, net				
Taxes, including penalties (net of allowance of \$46,261)	102,348	-	-	102,348
Accounts (net of allowance of \$22,462)	971,580	-	-	971,580
Prepaid Items	85,791	554	-	86,345
Due from Other Funds	-	30,691	-	30,691
Due from Other Governments	263,540	-	141,616	405,156
Total Assets	<u>18,102,596</u>	<u>433,263</u>	<u>2,200,779</u>	<u>20,736,639</u>
Liabilities				
Accounts Payable	2,230,114	-	5,106	2,235,220
Salaries Payable	404,195	2,315	1,956	408,465
Due to Other Funds	205,443	-	451,821	657,265
Deferred Revenue	2,107	-	4,778	6,885
Total Liabilities	<u>2,841,859</u>	<u>2,315</u>	<u>463,661</u>	<u>3,307,835</u>
Fund Balance				
Nonspendable	85,792	433,263	-	519,055
Restricted	-	-	1,737,118	1,737,118
Committed	-	-	-	-
Assigned	3,114,299	-	-	3,114,299
Unassigned	12,060,646	(2,315)	-	12,058,331
Total Fund Balance	<u>15,260,737</u>	<u>430,948</u>	<u>1,737,118</u>	<u>17,428,803</u>
Total Liabilities and Fund Balance	<u>\$ 18,102,596</u>	<u>\$ 433,263</u>	<u>\$ 2,200,779</u>	<u>\$ 20,736,639</u>

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2013

Fund Balances-total governmental funds		\$	17,428,803
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			2,168,181
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:			
Governmental capital assets	\$	135,938,507	
Less: accumulated depreciation and amortization		<u>(27,657,012)</u>	108,281,495
Compensated absences are not due and payable in the current year and therefore are not reported in the governmental funds.			(695,712)
Landfill closure and postclosure care cost are not due and payable in the current year and therefore are not reported in the governmental funds.			(124,814)
Accrued merit/sick pay (OPEB) are not due and payable in the current year and therefore are not reported in the governmental funds.			(349,995)
Interest payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.			(215,469)
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.			(56,685)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds:			
2007 Revenue Bond		(1,635,000)	
2004 Revenue Bond		(9,340,000)	
1995 General Obligation Note		<u>(535,000)</u>	(11,510,000)
Net Assets of Governmental Activities		\$	<u>114,925,804</u>

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013

	General	Cemetery	Special Revenue	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 3,110,613	\$ -	\$ -	\$ 3,110,613
Sales	1,589,154	-	-	1,589,154
Prepared Meal	6,163,941	-	-	6,163,941
Other	6,757,795	-	-	6,757,795
Permits, Privilege Fees and Regulatory Licenses	170,580	-	-	170,580
Fines and Forfeitures	172,565	-	-	172,565
Revenues from Use of Property	217,128	-	-	217,128
Investment Earnings	196,623	7,971	23,446	228,040
Charges for Services	2,414,843	-	-	2,414,843
Intergovernmental	3,821,443	-	594,174	4,415,617
Cemetery	-	28,930	-	28,930
Other	270,265	69,510	49,685	389,460
Total Revenues	24,884,949	106,411	667,306	25,658,666
Expenditures:				
General Government Administration	2,021,703	-	-	2,021,703
Public Safety	7,283,535	-	436,560	7,720,095
Public Works	5,137,107	-	-	5,137,107
Health and Welfare	3,193	-	-	3,193
Parks, Recreation and Culture	3,636,842	150,075	-	3,786,917
Community Development	1,349,522	-	-	1,349,522
Capital Outlay	5,589,922	59,622	676,010	6,325,554
Debt Service:				
Principal Retirement	575,000	-	-	575,000
Interest and Fiscal Charges	536,163	-	-	536,163
Total Expenditures	26,132,987	209,697	1,112,570	27,455,254
Excess of Revenues over Expenditures	(1,248,038)	(103,286)	(445,264)	(1,796,588)
Other Financing Sources (Uses):				
Insurance Recoveries	3,319	-	-	3,319
Transfers (to) from:				
Special Revenue Fund	(552,308)	-	552,308	-
Cemetery Fund	(170,438)	170,438	-	-
Total Other Financing Sources (Uses)	(719,427)	170,438	552,308	3,319
Special Item:				
Transfer of funds to other organizations	-	-	(136,728)	(136,728)
Net Changes in Fund Balance	(1,967,465)	67,152	(29,684)	(1,929,997)
Fund Balance, July 1, 2012	17,228,202	363,796	1,766,802	19,358,800
Fund Balance, June 30, 2013	\$ 15,260,737	\$ 430,948	\$ 1,737,118	\$ 17,428,803

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, 2013

Net Change in Fund Balances - total governmental fund \$ (1,929,997)

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

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in deferred revenues	\$ 1,863	
Change in taxes receivable	16,543	18,406

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	\$ 6,159,096	
Less: current year depreciation	(5,470,275)	688,821

Governmental funds report an increase in compensated absences as an expenditure. However, in the Statement of Net Assets the addition increases long-term liabilities. (57,716)

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. 9,553

Governmental funds report repayment of bond principal as an expenditure. However, in the Statement of Net Assets the repayment reduces long-term liabilities. 575,000

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. 10,760

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. (12,359)

Change in Net Assets of Governmental Activities \$ (794,266)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL FUND (modified accrual basis of accounting)
 YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues (Inflows):				
General Property Taxes	\$ 3,020,840	\$ 3,020,840	\$ 3,110,613	\$ 89,773
Consumer Utility Taxes	500,000	500,000	522,469	22,469
Business License Taxes	1,977,000	1,977,000	2,082,395	105,395
Franchise License Taxes	140,000	140,000	158,144	18,144
Motor Vehicle Licenses	480,000	480,000	479,817	(183)
Bank Franchise Taxes	500,000	500,000	635,674	135,674
Transient Lodging Taxes	1,053,400	1,053,400	1,303,425	250,025
Prepared Meal Tax	5,995,000	5,995,000	6,163,941	168,941
Cigarette Tax	750,000	750,000	619,209	(130,791)
Building and Zoning Fees	178,000	178,000	170,580	(7,420)
Court and Parking Fines	100,000	100,000	172,559	72,559
Interest	125,000	125,000	196,623	71,623
Rentals and Sale of Surplus Items	206,000	206,000	217,128	11,128
Solid Waste Service	1,391,000	1,391,000	1,393,081	2,081
DPR Fees and Contributions	994,950	994,950	1,021,767	26,817
Miscellaneous	216,970	216,970	270,265	53,295
Non-Categorical				
State Aid (ABC), etc.	1,328,550	1,328,550	1,333,193	4,643
Sales Tax	1,550,000	1,550,000	1,589,154	39,154
DJCP Grants			21,015	21,015
Emergency Service Grants	46,000	46,000		(46,000)
Street Maintenance Payments	2,930,000	2,930,000	2,994,653	64,653
Litter Control Grant			6,183	6,183
Law Enforcement Funds	416,700	416,700	416,572	(128)
National Guard Armory	3,000	3,000	6,489	3,489
Non-Revenue Receipts	30,000	30,000	3,319	(26,681)
Bond Construction Fund	2,800,000			
Total Revenues	26,732,410	23,932,410	24,888,268	955,858
Expenditures (Outflows):				
Current:				
General Government Administration	2,519,498	5,459,497	4,964,464	495,033
Police Department	5,865,673	5,865,673	5,861,100	4,573
Volunteer Fire Department	955,063	1,692,104	1,126,888	565,216
Lifesaving and Rescue	827,672	827,672	661,979	165,693
Inspections	337,092	337,092	316,637	20,455
Street Department	5,565,449	5,565,449	4,687,595	877,854
Solid Waste Service	1,637,803	1,637,803	1,614,843	22,960
Building and Grounds	158,425	158,425	169,576	(11,151)
National Guard Armory	27,950	27,950	27,873	77
Municipal Building	113,067	113,067	131,274	(18,207)
Municipal Shop	252,209	252,209	224,588	27,621
Welfare/Social Services	3,193	3,193	3,193	
Parks and Recreation	2,097,961	2,097,961	1,887,926	210,035
Aquatic Center	1,853,552	1,853,552	1,911,167	(57,615)
Library	15,000	15,000	15,000	
Planning/Community Development	654,069	654,069	642,619	11,450
Engineering	799,341	799,341	775,103	24,238
Debt Service	1,112,850	1,112,850	1,111,163	1,688
Total Expenditures	24,795,867	28,472,907	26,132,987	2,339,920
Excess of revenues over (under) expenditures	1,936,543	(4,540,497)	(1,244,719)	3,295,778
Other financing sources (uses):				
Transfers	(2,165,523)	(2,165,533)	(722,745)	1,442,788
Total other financing sources (uses)	(2,165,523)	(2,165,533)	(722,745)	1,442,788
Net change in fund balances	(228,980)	(6,706,030)	(1,967,465)	4,738,565
Fund balance at beginning of year	\$ 17,131,291	\$ 17,228,202	\$ 17,228,202	\$
Fund balance at end of year	\$ 16,902,311	\$ 10,522,172	\$ 15,260,737	\$ 4,738,565

TOWN OF CHRISTIANBURG

Exhibit G
(continued)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND (modified accrual basis of accounting)
YEAR ENDED JUNE 30, 2013

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.	\$ 24,888,268
Insurance recoveries are inflows of budgetary resources but are not revenues for financial reporting purposes (Exhibit E).	(3,319)
Total general fund revenues as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u>\$ 24,884,949</u>

Uses/Outflows of Resources:

Actual amount of "other financing sources (uses)" from the budgetary comparison statement.	\$ 722,745
Insurance recoveries are inflows of budgetary resources but are not revenues for financial reporting purposes (Exhibit E).	(3,319)
Total general fund "other financing sources and uses" as reported on the statement of revenues, expenditures, and changes in fund balances (Exhibit E).	<u>\$ 719,427</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - SPECIAL REVENUE FUND (modified accrual basis of accounting)
 YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning unassigned fund balance:	\$ 758,624	\$ 1,667,624	\$ 1,766,802	\$ 99,178
Revenues (Inflows):				
Interest Income	5,000	5,000	23,446	18,446
State Grants	1,334,980	1,334,980	149,834	(1,185,146)
Federal Grants and other	1,414,950	1,414,950	442,491	(972,459)
Contributions and Miscellaneous	43,302	43,302	51,535	8,233
Amounts Available for Expenditures	<u>3,556,856</u>	<u>4,465,856</u>	<u>2,434,108</u>	<u>(2,031,748)</u>
Expenditures (Outflows):				
Current:				
Police Department	265,057	265,057	162,568	102,489
Volunteer Fire Department	521,255	521,255	424,856	96,399
Lifesaving and Rescue	426,210	426,210	233,320	192,890
Parks and Recreation	3,000	3,000	167,109	(164,109)
Sidewalks Trails Infrastructure	2,457,172	2,457,172	124,717	2,332,455
Total Expenditures	<u>3,672,694</u>	<u>3,672,694</u>	<u>1,112,570</u>	<u>2,560,124</u>
Excess of revenues over expenditures	<u>(115,838)</u>	<u>793,162</u>	<u>1,321,538</u>	<u>528,376</u>
Other financing sources (uses):				
Transfers	500,000	500,000	415,580	(84,420)
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>415,580</u>	<u>(84,420)</u>
Ending Budgetary Fund Balance	<u>\$ 384,162</u>	<u>\$ 1,293,162</u>	<u>\$ 1,737,118</u>	<u>\$ 443,956</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND FIRE (modified accrual basis of accounting)
 YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning unassigned fund balance:	\$ 216,777	\$ 329,492	\$ 329,492	\$ -
Revenues (Inflows):				
Interest Income	-	-	6,414	6,414
Contributions	150,270	150,270	-	(150,270)
State Revenue	46,000	46,000	60,010	14,010
Federal Revenue and other Grants	-	-	100,270	100,270
Amounts Available for Expenditures	<u>413,047</u>	<u>525,762</u>	<u>496,187</u>	<u>(29,576)</u>
Expenditures (Outflows):				
Current:				
Virginia Fire Programs	-	-	349,712	(349,712)
Fire County Operating	100,270	100,270	75,144	25,126
Fire County Virginia Programs	50,000	50,000	-	50,000
Fire Donations	-	-	-	-
Total Expenditures	<u>150,270</u>	<u>150,270</u>	<u>424,856</u>	<u>(274,586)</u>
Excess of revenues over expenditures	<u>262,777</u>	<u>375,492</u>	<u>71,331</u>	<u>(304,162)</u>
Other financing sources (uses):				
Transfers	(136,728)	(136,728)	406,773	543,500
Total other financing sources (uses)	<u>(136,728)</u>	<u>(136,728)</u>	<u>406,773</u>	<u>543,500</u>
Ending Budgetary Fund Balance	<u>\$ 126,050</u>	<u>\$ 238,765</u>	<u>\$ 478,103</u>	<u>\$ 239,339</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL - MAJOR SPECIAL REVENUE FUND RESCUE (modified accrual basis of accounting)
 YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Beginning unassigned fund balance:	\$ 285,333	\$ 503,105	\$ 503,105	\$ -
Revenues (Inflows):				
Interest Income	-	-	5,647	5,647
Contributions	15,000	15,000	17,170	2,170
State Revenue	25,000	25,000	18,018	(6,982)
Federal Revenue and other Grants	99,000	109,000	111,495	2,495
Amounts Available for Expenditures	424,333	652,105	655,435	3,330
Expenditures (Outflows):				
Current:				
Emergency Medical Service Grant	-	37,210	32,991	4,219
Rescue Donations	290,000	290,000	93,075	196,925
Rescue County Funds	99,000	99,000	95,283	3,717
Four For Life	-	10,000	11,972	(1,972)
Total Expenditures	389,000	436,210	233,320	202,890
Excess of revenues over expenditures	35,333	215,895	422,115	206,220
Other financing sources (uses):				
Transfers	(100,000)	(100,000)	-	100,000
Total other financing sources (uses)	(100,000)	(100,000)	-	100,000
Ending Budgetary Fund Balance	\$ (64,667)	\$ 115,895	\$ 422,115	\$ 306,220

TOWN OF CHRISTIANBURG

Exhibit K

PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2013

	Business-type Activities - Enterprise Fund
	Water and Sewer Fund
Assets	
Current Assets:	
Accounts Receivable (Net of Allowance for Uncollectible Accounts of \$102,326)	\$ 1,124,336
Prepaid Items	17,658
Total Current Assets	<u>1,141,994</u>
Non-Current Assets:	
Water System	12,987,730
Equipment	3,660,761
Waste Water System	17,697,106
Waste Water Treatment Plant	32,193,139
Less: Allowance for Depreciation	<u>(27,979,638)</u>
Total Non-Current Assets	38,559,098
Total Assets	<u><u>39,701,092</u></u>
Liabilities	
Current Liabilities:	
Accrued General Obligation Bond Interest	61,646
Consumer Deposits	338,958
Due to Water Authority	426,925
Current Maturities VA Revolving Loan Fund	740,338
Salaries Payable	62,032
Compensated Absences	105,217
Due to Other Funds	<u>(626,574)</u>
Total Current Liabilities	<u>1,108,543</u>
Long-Term Liabilities:	
VA Revolving Loan Fund	<u>5,233,504</u>
Total Long-Term Liabilities	5,233,504
Total Liabilities	<u><u>6,342,046</u></u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	32,585,256
Unrestricted Assets	773,790
Total Net Assets	<u><u>33,359,046</u></u>

See accompanying notes to financial statements.

PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Fund
	Water and Sewer Fund
Operating Revenues:	
Charges for Services:	
Water and Sewer Service Fees	\$ 6,531,903
Water and Wastewater Connection Fees	426,634
Penalties and Other	156,046
Total Operating Revenues	<u>7,114,583</u>
Operating Expenses:	
Salaries and Wages	1,616,818
Employee Benefits	218,388
Water Authority Purchases	1,541,555
Utilities	315,547
Repairs and Maintenance	158,658
Depreciation and Amortization	1,643,954
Materials and Supplies	514,909
General and Administrative	419,074
Total Operating Expenses	<u>6,428,902</u>
Operating Income (Loss)	685,681
Nonoperating Revenues (Expenses):	
Interest and Fiscal Charges	(222,543)
Total Nonoperating Revenues (Expenses)	<u>(222,543)</u>
Income (loss) before contributions and transfers	463,138
Capital Contributions	45,971
Transfers In (Out)	<u> </u>
Change in Net Assets	509,109
Net Assets, July 1, 2012	<u>32,849,937</u>
Net Assets, June 30, 2013	<u>\$ 33,359,046</u>

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Fund
	Water & Sewer Fund
Cash Flows from Operating Activities	
Cash Received From:	
Customers	\$ 7,065,804
Cash Paid to/for:	
Employees	(1,837,052)
Supplies and Services	(2,942,538)
Net Cash Flows from Operating Activities	2,286,214
Cash Flows from Non-Capital Financing Activities	
Transfer from General Fund	
Interfund borrowing	(626,574)
Net Cash Flows from Non-Capital Financing Activities	(626,574)
Cash Flows from Capital and Related Financing Activities	
Payment of Principal	(704,598)
Interest on Debt	(229,322)
Purchase of Fixed Assets	(725,720)
Net Cash Flows from Capital and Related Financing Activities	(1,659,640)
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, 2012	-
Cash and Cash Equivalents, June 30, 2013	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities:	
Operating Income (Loss)	\$ 685,681
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation and Amortization	1,643,954
Change in Current Assets and Current Liabilities	
(Increase) Decrease in Current Assets:	
Accounts Receivable	(66,240)
Prepaid Items	6,291
Accounts Payable	(1,420)
Due to Water Authority	2,335
Consumer Deposits	17,459
Compensated Absences	(7,628)
Salaries Payable	5,782
Net Cash Flows from Operating Activities	\$ 2,286,214
Noncash Investing, Capital, and Financing Activities:	
Contributed Capital - Grants in Aid of Construction	\$ 45,971

See accompanying notes to financial statements.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 2013, the Town paid \$1,510,065 to the water authority and has a fiscal year end liability of \$426,925 for purchases of water. On June 26, 2013 the Montgomery County Public Service Authority was joined with the Blacksburg-Christiansburg-VPI Water Authority and it was renamed the NRV Regional Water Authority. The new Authority will operate and maintain a water supply system for the Town of Christiansburg, Town of Blacksburg, Virginia Tech and Montgomery County PSA. Each governing body will appoint one member to the five person Board of Directors, one from each member and one at large member. Initially, until the term of one of the current at large members expires the board will be comprised of six members. The board will be then be reduced to five and the one at large member will be appointed by the members of the authority.

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 \$579,742 in tipping fees during fiscal year 2013.

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 2013, the Town paid \$50,000 toward the operations of the airport.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Significant Accounting Policies (continued)

A. The Financial Reporting Entity (continued)

Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization

The Town is a member of the Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization. The Metropolitan Planning Organization (MPO) is a transportation policy-making organization serving the Blacksburg, Christiansburg, and Montgomery 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 2013, the Town paid \$6,114 toward operations of the MPO.

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 2013, the Town paid \$82,000 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. 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 action to be reported as committed, funds may not be used for any other purpose unless the Town Council takes action to remove or change the constraints.
- 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.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Significant Accounting Policies (continued)

B. Financial Statement Presentation (continued)

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.

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. These revenues include operating grants from the State, Federal and County Government for fire and rescue operations as well as donations to be used for specific purposes.

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

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

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

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

Cemetery fund - This fund is used to account for the operations of the cemetery and the perpetual care funds and related interest income. The 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, 2013 the operational and capital support totaled \$170,438.

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.

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Significant Accounting Policies (continued)

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.

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, 2013, the allowances for uncollectible taxes and accounts receivable were \$112,971 for the General Fund and \$102,326 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 \$.45 per \$100 of assessed value for the year. In 1998, the Commonwealth enacted the Personal Property Tax Relief Act. The Commonwealth share of the tax was 40.54% for fiscal year 2013. Business furniture, fixtures, and machinery and tools taxes are assessed at a rate of \$.45 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, 2013.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

I. Summary of Significant Accounting Policies (continued)

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.

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.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Significant Accounting Policies (continued)

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.

2. Compensated Absences

The Town's liability at June 30, 2013 for these compensated absences was:

	Current Portion	Long-Term Portion	Total
General Fund	\$ 69,571	\$ 626,141	\$ 695,712

Liabilities for compensated absences are not liquidated until leave is actually taken by employees or leave balances are paid upon termination. The Town has estimated that 10% of the compensated absences balance can be liquidated with expendable available resources, and are considered a current liability. Both current and non-current portions of compensated absences totaling \$695,712 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, 2013, the liabilities for compensated absences of the enterprise fund were \$105,217.

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 \$18,760,771. Of the Town's bank balances, \$18,760,771 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	\$ 5,069,673
Money Market	\$ 6,464,517
Total Investments	\$ 11,534,190

TOWN OF CHRISTIANBURG

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

3. Deposits and Investments (continued)

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.

4. Receivables

Receivables as of June 30, 2013 consisted of the following:

Governmental Activities:

	General	Special Revenue	Totals
Receivables			
Taxes	\$ 2,361,039	\$ -	\$ 2,361,039
Due from Government	263,540	141,616	405,156
Accounts	994,041	-	994,041
Gross Receivables	3,618,620	141,616	3,760,236
Less: Allowance for Doubtful Accounts	(112,971)	-	(112,971)
Receivables, net	\$ 3,505,648	\$ 141,616	\$ 3,647,265

Business-type Activities:

	Water & Sewer
Receivables	
Accounts	1,226,662
Less: Allowance for Doubtful Accounts	(102,326)
Receivables, net	\$ 1,124,336

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, 2013:

	Transfers in:		
	Water & Sewer Fund	Special Revenue Fund	Permanent (Cemetery) Fund
<u>Transfer out:</u>			
General Fund	\$ -	\$ 552,308	\$ 170,438

Amounts due from/to other funds consist of the following at June 30, 2013:

	Due from:		
	Water & Sewer Fund	Special Revenue Fund	General Fund
<u>Due to:</u>			
General Fund	\$ -	\$ 451,821	\$ -
Cemetery Fund	-	-	30,691
Enterprise Fund	-	-	626,574
	\$ -	\$ 451,821	\$ 657,265

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.

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

6. Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2013 are as follows:

	Governmental Activities
Federal grants - direct	\$ 29,861
Commonwealth of Virginia grants (includes federal pass-through awards)	115,274
Other:	
Sales tax	260,021
	<u>\$ 405,156</u>

7. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

Governmental Activities	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<u>Capital Assets, not depreciated:</u>				
Land	\$ 2,698,628	\$ 2,668,841	\$ -	\$ 5,367,469
Construction in Progress	308,209	121,605	-	429,814
Total Capital Assets, not depreciated	3,006,837	2,790,446	-	5,797,283
<u>Capital Assets, depreciated:</u>				
Buildings and Structures	28,707,395	332,925	-	29,040,321
Accumulated Depreciation	(3,056,416)	(598,831)	-	(3,655,247)
Net Buildings and Structures	25,650,979	(265,906)	-	25,385,074
Infrastructure	3,319,338	293,727	-	3,613,065
Accumulated Depreciation	(2,054,112)	(81,371)	-	(2,135,483)
Net Infrastructure	1,265,226	212,356	-	1,477,581
Machinery and Equipment	12,775,232	904,316	-	13,679,548
Accumulated Depreciation	(10,165,485)	(510,935)	-	(10,676,420)
Net Machinery and Equipment	2,609,747	393,381	-	3,003,128
Land Improvements	2,257,917	-	-	2,257,917
Accumulated Depreciation	(545,085)	(150,528)	-	(695,613)
Net Land Improvements	1,712,832	(150,528)	-	1,562,304
Vehicles	3,238,637	858,018	(88,931)	4,007,724
Accumulated Depreciation	(2,558,024)	(261,169)	78,433	(2,740,760)
Net Vehicles	680,613	596,849	(10,497)	1,266,965
Streets and Highways	76,369,171	979,663	-	77,348,834
Accumulated Depreciation	(3,818,459)	(3,867,442)	-	(7,685,900)
Net Streets and Highways	72,550,712	(2,887,779)	-	69,662,934
Bond Issue Cost	176,814	-	-	176,814
Accumulated Amortization	(44,695)	(5,894)	-	(50,589)
Net Bond Issue Cost	132,119	(5,894)	-	126,225
Total Capital Assets Being Depreciated	126,844,504	3,368,649	(88,931)	130,124,222
Less: Accumulated Depreciation and Amortization	(22,242,276)	(5,476,169)	78,433	(27,640,012)
Net Total Capital Assets, depreciated	104,602,228	(2,107,520)	(10,498)	102,484,211
Governmental Activities, Capital Assets, Net	\$ 107,609,065	\$ 682,926	\$ (20,995)	\$ 108,281,494

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

7. Capital Assets (continued)

<u>Business-type Activities</u>	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<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	12,461,519	526,211	-	12,987,730
Accumulated Depreciation	(4,405,704)	(317,200)	-	(4,722,904)
Net Water System	8,055,815	209,011	-	8,264,826
Water and Waste Water Equipment	3,473,851	58,151	-	3,532,002
Accumulated Depreciation	(2,720,913)	(124,785)	-	(2,845,698)
Net Water and Waste Water Equipment	752,938	(66,634)	-	686,304
Waste Water System	17,673,902	151,963	-	17,825,865
Accumulated Depreciation	(6,201,962)	(438,729)	-	(6,640,691)
Net Waste Water System	11,471,940	(286,766)	-	11,185,174
Waste Water Treatment Plant	32,145,274	35,364	-	32,180,638
Accumulated Depreciation	(13,007,104)	(763,239)	-	(13,770,343)
Net Waste Water Treatment Plant	19,138,170	(727,875)	-	18,410,295
Total Capital Assets, Depreciated	65,754,546	771,689	-	66,526,235
Less: Accumulated Depreciation	(26,335,683)	(1,643,954)	-	(27,979,637)
Net Total Capital Assets, depreciated	39,418,863	(872,265)	-	38,546,599
Business-type Activities, Capital Assets, Net	\$ 39,431,363	\$ (872,265)	\$ -	\$ 38,559,099

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

Governmental activities:

General Government Administration	\$ 94,086
Public Safety	487,479
Public Works	4,150,297
Parks, Recreation, and Culture	733,461
Community Development	10,846
	<u>\$ 5,476,169</u>

Business-type activities:

Water and Sewer	\$ 1,643,954
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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	\$ 4,778	\$ -
Prepaid Taxes	\$ -	\$ 2,107

TOWN OF CHRISTIANBURG

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013 is \$189,617,214 (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, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Governmental Activities					
General Obligation Debt:					
2007 Revenue Bond	\$ 1,710,000	\$ -	\$ 75,000	\$ 1,635,000	\$ 75,000
2004B Revenue Bond	9,595,000	-	255,000	9,340,000	265,000
1995 General Obligation Note	780,000	-	245,000	535,000	260,000
Total General Obligation Debt	12,085,000	-	575,000	11,510,000	600,000
Compensated Absences Payable from the Governmental Funds	637,996	505,350	447,634	695,712	69,571
Landfill Closure & Postclosure Care Cost	134,367	-	9,553	124,814	-
Bond Premiums	60,734	-	4,049	56,685	-
Merit/sick pay (OPEB) payable	255,107	94,889	-	349,996	-
Total Governmental Activities, long-term debt:	\$ 13,173,204	\$ 600,239	\$ 1,036,236	\$ 12,737,207	\$ 669,571
Business-type Activities					
2001 VA Revolving Loan Fund	\$ 5,572,974	\$ -	\$ 536,819	\$ 5,036,155	\$ 555,772
1998 VA Revolving Loan Fund	1,105,466	-	167,779	937,687	174,045
Total	6,678,440	-	704,598	5,973,842	729,817
Compensated Absences Payable from the Water and Sewer Fund	112,845	87,281	94,909	105,217	10,521
Total Business-Type Activities, long-term debt:	\$ 6,791,285	\$ 87,281	\$ 799,507	\$ 6,079,059	\$ 740,338
Long-term Liabilities of the Town at June 30, 2013 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% .					\$ 9,340,000
\$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% .					1,635,000
\$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% .					535,000
\$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.					937,687
\$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.					5,036,155
Total General Obligations and VA Revolving Loans					17,483,842
Compensated Absences Payable					800,929
Landfill Closure and Postclosure Care Cost Payable					124,814
Bond Premiums					56,685
Service Merit (OPEB) payable					349,996
Total Primary Government, long-term liabilities					\$ 18,816,266

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

9. Long-Term Liabilities (continued)

The annual requirements to amortize governmental activities debt outstanding as of June 30, 2013 are as follows:

Fiscal Year	2007 Revenue Bond		2004 Revenue Bond		1995 General Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	470,000	347,030
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	\$ 1,635,000	\$ 686,438	\$ 9,340,000	\$ 5,365,204	\$ 535,000	\$ 40,500	\$ 11,510,000	\$ 6,092,142

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, 2013 are as follows:

Fiscal Year	2001 VA Revolving Loan		1998 VA Revolving Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	201,533	5,610	840,049	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	\$ 5,036,155	\$ 781,577	\$ 937,687	\$ 98,032	\$ 5,973,842	\$ 879,609

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	\$ -	\$ 535,000	\$ 535,000
2004B Revenue	-	9,340,000	9,340,000
2007 Revenue	-	1,635,000	1,635,000
Loans:			
2001 VA Revolving Loan	5,036,155	-	5,036,155
1998 VA Revolving Loan	937,687	-	937,687
Landfill Closure & Postclosure Care Cost	-	124,814	124,814
Compensated Absences	105,217	695,712	800,929
Bond Premiums	-	56,685	56,685
Service Merit (OPEB) payable	-	349,996	349,996
Total	\$ 6,079,059	\$ 12,737,207	\$ 18,816,266

TOWN OF CHRISTIANSBURG

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

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	\$ -	\$ -	\$ 433,263	\$ 433,263
Prepaid Items	85,792	-	-	85,792
Restricted for:				
Law Enforcement	-	33,408	-	33,408
Fire Department	-	478,104	-	478,104
Lifesaving-Rescue Squad	-	422,114	-	422,114
Parks and Recreation - Knowles Estate	-	803,492	-	803,492
Committed	-	-	-	-
Assigned:				
Fire and Lifesaving	2,143,091	-	-	2,143,091
Public Works	607,085	-	-	607,085
General Administration	162,453	-	-	162,453
Parks and Recreation	201,670	-	-	201,670
Unassigned	12,060,646	-	(2,315)	12,058,331
Total fund balances at June 30, 2013	\$ 15,260,737	\$ 1,737,118	\$ 430,948	\$ 17,428,803

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.

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% for plan 1 and 1.65% for plan 2 employees. 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.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

11. Defined Benefit Pension Plan (continued)

A. Plan Description (continued)

Plan 1 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 3.00% . 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/2012-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. 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 2013 was 18.04% of annual covered payroll (5% from the employee and 13.04% from the employer).

C. Annual Pension Cost

For fiscal year 2013, the Town's annual pension cost of \$1,865,433 was equal to their required and actual contributions.

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 1,430,452	100.00%	\$ -
June 30, 2012	\$ 1,501,056	100.00%	\$ -
June 30, 2013	\$ 1,865,433	100.00%	\$ -

The fiscal year 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00% , (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50% . The actuarial value of the Town of Christiansburg's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The 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, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

D. Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 64.76% funded. The actuarial accrued liability for benefits was \$35,488,525, and the actuarial value of assets was \$22,983,831, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,504,694. The covered payroll (annual payroll of active employees covered by the plan) was \$9,851,855, and ratio of the UAAL to the covered payroll was 126.93%. 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

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

A. Plan Description (continued)

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 2013, the Town's annual pension cost for this plan was \$183,294 which was \$82,038 less than their required and actual contributions of \$101,256

Net Pension Obligation

Annual	\$	183,294
NO, beginning of year		184,641
Interest on NO		7,386
ARC Adjustment		7,538
Annual Expense		183,142
Employer Payments		101,256
Net Obligation 6/30/2013	\$	266,527

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 138,219	69.63%	\$ 132,217
June 30, 2012	\$ 138,219	75.90%	\$ 184,641
June 30, 2013	\$ 183,294	55.24%	\$ 266,527

The fiscal year 2013 required contribution was determined as part of the June 30, 2013 actuarial valuation using the unit credit cost method. The actuarial assumptions at June 30, 2013 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 3.50% 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, 2013 for the Unfunded Actuarial Accrued Liability (UAAL) was 26 years. As of June 30, 2013, the plan remains unfunded.

D. Funded Status and Funding Progress

As of June 30, 2013, 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 2013 covered payroll (annual payroll of active employees covered by the plan) was \$10,340,536 and the ratio of the UAAL to the covered payroll was 17.63%.

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 2012-2013, total premiums paid were \$639,880. 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 CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 2012-2013 were \$367,210.

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 \$1,505,706 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, 2013 the Town received direct funding from the federal and state government as follows:

Law Enforcement funds	\$ 416,572
Street Maintenance Funds	2,994,653
Sales Tax	1,589,154
Non-Categorical State Aid	1,333,193
Federal and State Grants	592,324
	<u>\$ 6,925,896</u>

14. Contributed Capital

The contributed capital account of the Enterprise Fund increased from \$19,330,057 to \$19,376,028 in 2012-2013 due to contributed capital - grants in aid of construction of \$45,971.

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, 2013.

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 \$124,814 liability for landfill closure and postclosure care cost at June 30, 2013 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, 2013 is based on what it would cost to perform all closure and postclosure care in 2013. Actual cost may differ from this estimate due to inflation, changes in technology or changes in regulation.

TOWN OF CHRISTIANBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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 fiscal year 2013 required contribution was determined as part of the June 30, 2013 actuarial valuation using the unit credit cost method. The actuarial assumptions at June 30, 2013 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 3.50% 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, 2013 for the Unfunded Actuarial Accrued Liability (UAAL) was 26 years. As of June 30, 2013, the plan remains unfunded. The total unfunded accrued liability at June 30, 2013 is \$1,623,059 based on the June 30, 2013 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 \$196,300. During the fiscal year the Town paid out benefits of \$50,130. The Net Other Post Employment (OPEB) obligation at June 30, 2013 is \$401,067. The town currently intends to continue to fund these benefits annually as they become due on a Pay-as-you-go system.

Net OPEB Obligation:

Annual Required Contribution	\$	196,300
NOO, beginning of year		255,107
Interest on NOO		10,204
ARC adjustment		10,415
Annual OPEB expense		196,090
Employer Payments		50,130
Net OPEB Obligation 6/30/2013	\$	401,067

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2011	\$ 138,732	31.51%	\$ 160,218
June 30, 2012	\$ 138,732	31.51%	\$ 255,107
June 30, 2013	\$ 196,300	25.53%	\$ 401,067

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. 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.

TOWN OF CHRISTIANSBURG

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

18. New Accounting Standards (continued)

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 became effective for fiscal periods beginning on or after December 15, 2011.

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 is effective for fiscal periods beginning after December 15, 2011.

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. This statement is effective for fiscal periods beginning after December 15, 2012.

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 is effective for fiscal periods beginning after December 15, 2011.

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 is effective for fiscal period financial statements beginning after June 15, 2014.

19. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 20, 2013, the date the financial statements were available to be issued.

On July 23, 2013 The Town of Christiansburg did an advance refunding of the 2004B revenue bond issued for the construction of the Aquatics center. The advance refunding was for \$9,381,100. (The original financing of the 2004B revenue bond was for \$11,185,000) The total refinancing is for \$10 million dollars which includes the refunding and an additional \$606,000 for financing of 2014 capital projects.

TOWN OF CHRISTIANSBURG, 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, 2012	\$ 22,983,831	\$	35,488,525	\$	12,504,694	\$	64.76%		\$ 9,851,855	\$	126.93%	
June 30, 2011	\$ 22,753,823	\$	33,888,813	\$	11,134,990	\$	67.14%		\$ 9,513,961	\$	117.04%	
June 30, 2010	\$ 22,061,054	\$	31,621,423	\$	9,560,369	\$	69.77%		\$ 8,842,588	\$	108.12%	
June 30, 2009	\$ 21,641,007	\$	27,926,827	\$	6,285,820	\$	77.49%		\$ 8,357,697	\$	75.21%	
June 30, 2008	\$ 20,809,351	\$	25,838,930	\$	5,029,579	\$	80.53%		\$ 7,354,315	\$	68.39%	

REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS FOR SICK PAY PLAN

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

** Biannual valuations began in 2011

TOWN OF CHRISTIANSBURG, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS FOR RETIREMENT SERVICE MERIT 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, 2013	\$	\$	1,623,059	\$	1,623,059	\$	0.00%		\$ 10,340,536		15.70%	
June 30, 2012	\$	\$	1,429,422	\$	1,429,422	\$	0.00%		\$ 9,851,855		14.51%	
June 30, 2011	\$	\$	1,258,886	\$	1,258,886	\$	0.00%		\$ 9,430,855		13.35%	

** Biannual valuations began 2011

Statistical Section

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

<u>Contents</u>		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. Schedules 1 to 6	48-53
Revenue Capacity	These schedules contain information to help the reader assess the Town's most significant local revenue sources. Schedules 7-10	54-57
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	58-60
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	61-62
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs. Schedules 16-21	63-69

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
Invested in capital assets, net of related debt	\$ 96,771,494	\$ 95,524,065	\$ 99,222,094	\$ 97,288,970	\$ 89,442,245	\$ 81,535,576	\$ 76,303,783	\$ 74,730,937	\$ 72,236,287	\$ 82,512,172
Restricted	6,727,355	6,423,678	6,185,491	289,784	227,903	231,358	-	-	-	-
Unrestricted	11,426,955	13,772,327	12,615,333	14,542,381	20,785,430	23,611,853	25,899,737	23,656,476	21,547,622	8,529,504
Total governmental activities net assets	\$ 114,925,803	\$ 115,720,070	\$ 118,022,918	\$ 112,101,135	\$ 110,455,578	\$ 105,378,587	\$ 102,203,520	\$ 98,387,413	\$ 93,783,909	\$ 91,041,676
Business Type Activities:										
Invested in capital assets net of related debt	\$ 32,585,256	\$ 32,752,921	\$ 31,469,741	\$ 31,179,842	\$ 30,681,352	\$ 29,028,603	\$ 27,553,356	\$ 26,546,759	\$ 25,535,380	\$ 24,662,510
Unrestricted	773,790	97,016	53,593	343,492	186,303	94,382	118,829	302,530	208,317	232,841
Total business type activities net assets	\$ 33,359,045	\$ 32,849,937	\$ 31,523,334	\$ 31,523,334	\$ 30,867,655	\$ 29,122,985	\$ 27,672,185	\$ 26,849,289	\$ 25,743,697	\$ 24,895,351
Primary Government:										
Invested in capital assets, net of related debt	\$ 129,356,750	\$ 128,276,986	\$ 130,691,835	\$ 128,448,812	\$ 120,123,597	\$ 110,564,179	\$ 103,857,139	\$ 101,277,696	\$ 97,771,667	\$ 107,174,682
Restricted	6,727,355	6,423,678	6,185,491	289,784	227,903	231,358	-	-	-	-
Unrestricted	12,200,745	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
Total primary government net assets	\$ 148,284,849	\$ 149,570,007	\$ 149,546,252	\$ 143,624,469	\$ 141,323,233	\$ 134,501,572	\$ 129,875,705	\$ 125,236,702	\$ 119,527,606	\$ 115,937,027

TOWN OF CHRISTIANBURG

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

Expenses	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities:										
General Government										
Public Safety	4,944,169	2,220,167	2,376,491	\$ 2,205,112	\$ 1,870,600	\$ 1,863,443	\$ 1,840,798	\$ 1,564,910	\$ 1,305,762	\$ 1,154,130
Public Works	8,198,783	8,658,968	7,298,345	8,022,207	6,968,518	6,453,570	5,905,546	5,479,549	5,039,777	4,622,956
Health and Welfare	9,144,504	9,379,197	5,184,376	6,313,082	4,970,341	4,759,437	4,871,386	4,424,156	4,424,156	3,027,057
Parks, Recreation, and Culture	3,193	3,193	3,100	3,100	3,100	2,700	2,760	2,500	2,500	2,400
Community Development	2,154,902	4,564,487	4,214,349	2,620,104	2,326,077	1,982,832	1,874,683	1,396,927	1,605,648	1,400,897
Interest on Long Term Debt	1,363,587	1,409,722	1,145,498	1,392,067	1,270,066	2,021,276	1,553,587	890,638	837,134	1,410,445
Total governmental activities	26,334,910	26,786,815	20,767,099	20,616,839	17,780,347	17,976,444	16,693,207	14,245,614	13,596,614	12,640,241
Business Type Activities:										
Water and Sewer										
Total business type activities expenses	6,651,445	6,455,176	6,369,695	6,188,386	5,784,337	5,482,183	5,223,595	4,675,982	4,927,511	4,653,361
Total primary government expenses	6,051,445	6,455,176	6,369,695	6,188,386	5,784,337	5,482,183	5,223,595	4,675,982	4,927,511	4,653,361
Program Revenues										
Governmental activities:										
Charges for Services										
Solid waste collection services	1,303,075	1,431,840	1,184,296	1,197,592	1,198,339	1,013,822	979,970	941,548	879,244	840,231
Parks and recreation and cultural	1,021,767	1,001,541	1,022,857	199,813	201,556	200,351	212,362	217,684	211,959	198,954
Operating Grants and Contributions	575,182	1,137,981	506,981	428,117						
Capital Grants and Contributions	41,008	8,316	1,325,647	802,659						
Total governmental activities program revenues	3,031,032	3,579,678	3,639,781	2,628,181	1,399,895	1,214,173	1,192,332	1,159,232	1,091,103	1,039,175
Business Type Activities:										
Charges for Services										
Water and Sewer										
Total business type activities program revenues	6,958,537	6,613,507	5,855,065	5,932,787	5,602,405	5,395,895	5,188,377	5,145,870	5,011,017	4,643,572
Total primary government program revenues	6,958,537	6,613,507	5,855,065	5,932,787	5,602,405	5,395,895	5,188,377	5,145,870	5,011,017	4,643,572
Net (Expense) Revenue										
Governmental activities	(23,303,576)	(23,206,937)	(16,927,318)	(17,988,658)	(16,380,452)	(16,762,271)	(15,502,875)	(13,086,268)	(12,505,511)	(11,601,066)
Business type activities	307,092	158,931	(513,730)	(255,599)	(181,932)	(69,288)	(35,218)	469,888	83,506	(8,789)
Total primary government net expense	(22,996,486)	(23,048,606)	(17,441,048)	(18,244,257)	(16,562,384)	(16,848,559)	(15,538,093)	(12,616,380)	(12,422,005)	(11,610,855)
Changes in Net Assets										
Governmental Activities:										
Taxes										
Property taxes	3,129,019	3,076,838	3,016,086	2,990,073	2,996,632	2,855,885	2,755,006	2,656,078	2,563,752	2,907,906
Sales taxes	1,589,154	1,562,926	1,547,345	1,483,290	1,558,600	1,599,479	1,578,041	1,322,398	1,218,945	1,147,000
Prepared meals tax	6,163,941	5,622,786	5,407,998	4,503,818	4,684,404	4,617,826	4,432,595	3,949,008	3,267,017	3,080,000
Transient lodging tax	1,303,425	919,745	812,331	748,701	851,512	950,000	909,000	714,000	466,000	466,000
Other	5,454,370	5,277,657	5,344,305	5,315,902	5,288,368	4,498,937	4,087,016	4,082,999	3,872,049	3,546,175
Permits, Fees and Licenses	170,580	190,405	131,369	203,998	137,796	191,857	211,538	252,318	250,188	144,197
Revenues From Use of Property	217,128	218,058	285,366	94,201	115,905	124,071	110,723	74,093	63,163	116,531
Investment earnings	228,040	222,813	254,350	263,518	486,131	1,081,113	1,192,367	600,059	255,297	3,417,516
Intergovernmental	3,799,427	3,660,452	3,662,382	3,414,350	3,749,731	3,520,364	3,419,113	3,294,791	3,057,191	83,420
Fines and Forfeitures	172,505	126,702	95,038	118,559	86,924	95,024	148,523	138,831	87,466	
Cemetery	28,930	90,860	103,464	96,735	102,077	116,517	729,079	565,965	388,891	370,944
Miscellaneous	389,461	345,487	375,261	320,188	1,080,845	1,165,147				
Grants in Aid of Construction			1,257,323	1,633,662	240,030	240,030				
Transfers			(323,096)	(707,721)	(1,315,045)	(1,030,916)	(254,119)	39,262	(242,215)	(594,481)
Special Items	(136,728)	(410,640)	909,580							
Total Governmental activities	22,509,312	20,904,989	22,849,102	19,634,215	21,457,442	19,937,337	19,318,982	17,089,772	15,247,744	14,587,208
Business type activities:										
Grants in Aid of Construction	45,971	610,263	52,700	74,055	490,223	392,711	508,320	584,754	435,842	209,077
Miscellaneous	156,046	147,369	137,934	128,903	121,335	113,561	95,675	90,212	86,783	78,737
Transfers		410,640	323,096	707,721	1,315,045	1,030,916	254,119	39,262	242,215	594,481
Total business type activities	202,017	1,168,272	513,730	911,279	1,926,602	1,537,088	858,114	635,704	764,840	882,295
Total primary government	22,711,329	22,073,261	23,362,832	20,545,494	23,384,044	21,474,425	20,177,096	18,325,476	16,012,584	15,469,503
Changes in Net Assets:										
Governmental activities	(1794,266)	(2,302,848)	5,921,784	1,645,557	5,076,990	3,175,066	3,816,107	4,803,504	2,742,233	2,986,142
Business type activities	508,109	1,326,603	(976,245)	655,680	1,744,670	1,450,800	822,896	1,105,592	848,346	872,506
Total primary government	(1285,157)	(976,245)	5,921,784	2,301,237	6,821,660	4,625,866	4,638,003	5,709,096	3,590,579	3,858,648

TOWN OF CHRISTIANSBURG

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Nonspendable	\$ 85,792	\$ 131,851	\$ 429,088	\$ 59,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	448,130	-	373,646	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	3,114,299	2,527,638	2,199,995	2,069,518	19,503,465	22,366,890	24,653,281	22,450,237	2,753	315,082
Unassigned	12,060,646	14,120,583	12,816,580	10,910,484	-	-	-	-	20,426,548	7,245,490
Total General Fund	\$ 15,260,737	\$ 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
All Other Governmental Funds										
Nonspendable in Permanent Fund	433,263	366,676	359,214	289,783	227,903	201,769	(3)	-	-	-
Unassigned in Permanent Fund	(2,315)	(2,880)	-	-	-	-	-	-	-	-
Restricted in Special Revenue Fund	1,737,118	1,766,802	2,026,335	26,049	-	-	-	-	-	-
Total All Other Funds	\$ 2,168,066	\$ 2,130,598	\$ 2,385,549	\$ 315,832	\$ 227,903	\$ 201,769	\$ -	\$ -	\$ -	\$ -
Total All Governmental Fund Balances	\$ 17,428,803	\$ 19,358,800	\$ 17,831,212	\$ 13,729,205	\$ 19,731,368	\$ 22,568,659	\$ 24,653,281	\$ 22,450,237	\$ 20,429,301	\$ 7,560,572

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 CHRISTIANBURG

CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

Fiscal Year

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes										
Property taxes	\$ 3,110,613	\$ 3,065,669	\$ 3,006,272	\$ 3,053,658	\$ 2,898,687	\$ 2,775,831	\$ 2,664,913	\$ 2,626,603	\$ 2,530,439	\$ 2,403,583
Sales taxes	1,589,154	1,562,926	1,547,345	1,483,290	1,558,600	1,599,479	1,578,041	1,322,398	1,218,945	1,147,000
Prepared meals tax	6,163,941	5,622,786	5,407,998	4,503,818	4,684,404	4,617,826	4,432,695	3,949,008	3,267,017	3,090,000
Transient lodging tax	1,303,425	919,745	812,331	748,701	851,512	950,000	909,000	714,000	466,000	466,000
Other	5,454,370	5,277,657	5,344,305	5,315,902	5,288,368	4,498,937	4,087,016	4,082,999	3,872,049	3,546,175
Permits, Fees and Licenses	170,580	190,405	131,360	203,998	137,796	191,857	211,538	252,318	250,188	144,197
Revenues From Use of Property	217,128	218,058	255,366	94,201	115,805	124,071	110,723	74,093	63,163	49,531
Investment earnings	228,040	222,813	254,350	263,518	486,131	1,081,113	1,192,367	600,059	255,297	69,000
Charges for Services	2,414,843	2,496,336	2,273,848	1,469,275	1,399,895	1,214,173	1,192,332	1,159,231	1,091,103	1,039,175
Intergovernmental	4,415,617	4,806,749	4,118,010	4,645,374	3,749,731	3,520,364	3,419,113	3,294,761	3,057,191	3,417,516
Fines and Forfeitures	172,585	126,702	95,038	118,559	102,077	95,025	148,523	138,831	87,466	83,420
Cemetery	28,930	27,905	36,769	24,865	102,077	28,420				
Miscellaneous	389,461	343,167	1,503,408	236,187	1,088,110	714,274	611,289	304,786	204,472	181,105
Total Revenues Governmental Funds	\$ 25,658,667	\$ 24,890,918	\$ 24,786,409	\$ 22,161,346	\$ 22,448,040	\$ 21,411,370	\$ 20,557,550	\$ 18,519,087	\$ 16,363,330	\$ 15,626,702
Expenditures										
General Government	\$ 2,021,703	\$ 1,855,373	\$ 2,077,241	\$ 1,937,708	\$ 1,701,156	\$ 1,618,229	\$ 1,400,715	\$ 1,262,538	\$ 1,204,435	\$ 1,084,717
Public Safety	7,720,095	7,577,856	6,806,897	6,858,588	6,488,748	5,909,555	5,219,119	4,988,285	4,499,931	4,145,907
Public Works	5,133,789	4,859,519	4,848,285	5,079,978	4,444,111	4,630,843	4,237,338	4,204,419	4,033,450	3,852,370
Health and Welfare	3,193	3,193	3,100	3,100	3,040	2,700	2,760	2,500	2,500	2,400
Parks, Recreation, and Culture	3,786,915	3,707,420	3,439,568	2,442,144	1,971,657	1,711,968	1,750,906	1,374,703	1,292,271	1,230,679
Community Development	1,349,522	1,276,907	1,132,826	1,374,850	1,258,527	1,971,207	1,516,400	851,633	804,938	1,372,815
Capital Outlay	6,325,556	2,738,124	1,897,842	8,723,878	7,188,705	8,541,739	3,124,325	3,114,504	2,475,861	2,485,637
Debt Service										
Principal Retirement	575,000	550,000	530,000	515,000	490,000	415,000	400,000	385,000	192,750	221,500
Interest and Fiscal Charges	536,163	561,175	583,981	604,544	623,324	590,851	558,129	615,010	115,069	125,548
Total Expenditures Governmental Funds	\$ 27,451,936	\$ 23,129,587	\$ 21,319,740	\$ 27,539,780	\$ 24,169,268	\$ 25,392,090	\$ 18,209,692	\$ 16,798,592	\$ 14,621,805	\$ 14,321,373
Excess of Revenues over (under) Expenditures	\$ (1,793,269)	\$ 1,761,351	\$ 3,466,669	\$ (5,378,444)	\$ (1,721,228)	\$ (3,980,720)	\$ 2,347,858	\$ 1,720,495	\$ 1,741,525	\$ 1,305,329
Other Financing Sources and (Uses)										
Insurance Recoveries										
Proceeds from Debt Issuance										
Sale of Land										
Capital Contributions Cemetery										
Transfers (to) from:										
General Fund										
Water and Sewer Fund										
Special Revenue Fund										
Total Other Financing Sources and (Uses)	\$ -	\$ 2,321	\$ 48,852	\$ 84,002	\$ 28,945	\$ 75,800	\$ 76,745	\$ 75,129	\$ 105,919	\$ 89,839
Special Items										
Transfer of (funds from/to) other organizations	\$ (136,728)	\$ -	\$ 909,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Changes in Fund Balance Increases (Decreases)	\$ (1,929,897)	\$ 1,527,588	\$ 4,102,005	\$ (6,002,163)	\$ (2,866,880)	\$ (2,055,033)	\$ 2,203,044	\$ 2,020,936	\$ 12,868,729	\$ 800,687
Debt Service as a percentage of noncapital expenditures	5.26%	5.45%	5.74%	5.95%	6.56%	5.97%	6.35%	7.31%	2.54%	2.93%

GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Other Local Taxes</u>	<u>Permits, Privilege Fees, and Regulatory Licenses</u>	<u>Fines and Forfeitures</u>	<u>Revenues From Use of Money and Property</u>
2012-2013	\$ 3,110,613	\$ 14,510,890	\$ 170,580	\$ 172,565	\$ 413,751
2011-2012	\$ 3,065,669	\$ 13,383,114	\$ 190,405	\$ 126,702	\$ 413,404
2010-2011	\$ 3,006,273	\$ 13,111,979	\$ 131,369	\$ 95,038	\$ 489,477
2009-2010	\$ 3,053,658	\$ 12,051,711	\$ 203,998	\$ 118,559	\$ 349,955
2008-2009	\$ 2,898,687	\$ 12,382,884	\$ 137,796	\$ 86,924	\$ 592,416
2007-2008	\$ 2,775,831	\$ 11,666,242	\$ 191,857	\$ 95,025	\$ 1,203,765
2006-2007	\$ 2,664,913	\$ 11,006,752	\$ 211,538	\$ 148,523	\$ 1,303,090
2005-2006	\$ 2,626,603	\$ 10,068,405	\$ 252,318	\$ 138,831	\$ 674,152
2004-2005	\$ 2,530,438	\$ 8,824,010	\$ 250,188	\$ 87,466	\$ 318,460
2003-2004	\$ 2,403,583	\$ 8,239,175	\$ 144,197	\$ 83,420	\$ 118,531

<u>Fiscal Year</u>	<u>Charges For Services</u>	<u>Miscellaneous</u>	<u>Inter- governmental</u>	<u>Total</u>	<u>Business Type Activities Water and Sewer</u>
2012-2013	\$ 2,414,843	\$ 270,265	\$ 3,821,443	\$ 24,884,949	\$ 7,114,583
2011-2012	\$ 2,433,381	\$ 223,909	\$ 3,802,224	\$ 23,638,808	\$ 6,613,507
2010-2011	\$ 2,207,153	\$ 257,939	\$ 3,797,190	\$ 23,096,418	\$ 5,855,965
2009-2010	\$ 1,397,405	\$ 227,265	\$ 3,685,031	\$ 21,087,582	\$ 5,932,787
2008-2009	\$ 1,399,895	\$ 1,088,110	\$ 3,749,731	\$ 22,336,443	\$ 5,602,405
2007-2008	\$ 1,214,173	\$ 714,274	\$ 3,520,364	\$ 21,381,531	\$ 5,395,895
2006-2007	\$ 1,192,332	\$ 611,289	\$ 3,419,113	\$ 20,557,550	\$ 5,188,377
2005-2006	\$ 1,159,231	\$ 304,786	\$ 3,294,761	\$ 18,519,087	\$ 5,145,870
2004-2005	\$ 1,091,103	\$ 204,476	\$ 3,057,190	\$ 16,363,331	\$ 5,011,017
2003-2004	\$ 1,039,175	\$ 181,105	\$ 3,417,516	\$ 15,626,702	\$ 4,643,572

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

Fiscal Year	General Administration	Public Safety	Public Works	Health and Welfare
2012-2013	\$ 2,021,703	\$ 7,283,535	\$ 5,137,107	\$ 3,193
2011-2012	\$ 1,855,373	\$ 7,052,940	\$ 4,859,519	\$ 3,193
2010-2011	\$ 2,077,241	\$ 6,661,587	\$ 4,848,285	\$ 3,100
2009-2010	\$ 1,937,708	\$ 6,629,215	\$ 5,079,978	\$ 3,100
2008-2009	\$ 1,701,156	\$ 6,488,748	\$ 4,444,111	\$ 3,040
2007-2008	\$ 1,618,229	\$ 5,909,555	\$ 4,630,843	\$ 2,700
2006-2007	\$ 1,400,715	\$ 5,219,119	\$ 4,237,338	\$ 2,760
2005-2006	\$ 1,262,538	\$ 4,988,285	\$ 4,204,419	\$ 2,500
2004-2005	\$ 1,204,434	\$ 4,499,932	\$ 4,033,452	\$ 2,500
2003-2004	\$ 1,084,717	\$ 4,145,907	\$ 3,652,370	\$ 2,400

Fiscal Year	Parks, Recreation and Culture	Community Development	Debt Service	Capital Outlay	Total
2012-2013	\$ 3,636,842	\$ 1,349,522	\$ 1,111,163	\$ 5,589,922	\$ 26,132,987
2011-2012	\$ 3,569,779	\$ 1,276,907	\$ 1,111,175	\$ 1,792,966	\$ 21,521,852
2010-2011	\$ 3,286,646	\$ 1,132,826	\$ 1,113,981	\$ 1,369,232	\$ 20,492,898
2009-2010	\$ 2,305,876	\$ 1,374,850	\$ 1,119,544	\$ 7,962,920	\$ 26,413,191
2008-2009	\$ 1,845,749	\$ 1,258,527	\$ 1,113,324	\$ 7,188,705	\$ 24,043,360
2007-2008	\$ 1,673,455	\$ 1,906,079	\$ 1,005,851	\$ 8,288,726	\$ 25,035,438
2006-2007	\$ 1,750,906	\$ 1,516,400	\$ 958,129	\$ 3,124,325	\$ 18,209,692
2005-2006	\$ 1,374,703	\$ 851,633	\$ 1,000,010	\$ 3,114,504	\$ 16,798,592
2004-2005	\$ 1,292,271	\$ 804,938	\$ 308,419	\$ 2,475,860	\$ 14,621,806
2003-2004	\$ 1,230,679	\$ 1,372,615	\$ 347,048	\$ 2,485,637	\$ 14,321,373

TOWN OF CHRISTIANBURGASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility		Total
					Unequalized	Equalized	
2012-2013	\$ 1,964,857,942	\$ 169,222,259	\$ 58,217,830	\$ 3,711,380	\$ 46,414,195	\$ 131,577	\$ 2,242,555,183
2011-2012	\$ 1,949,865,483	\$ 160,842,432	\$ 59,378,139	\$ 3,627,208	\$ 47,101,275	\$ 164,323	\$ 2,220,978,860
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

Property Tax Rates - Last Ten Years						
Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility	
					Unequalized	Equalized
2012-2013	.1126	.45	.45	\$ 0.1126	\$ 0.1126	.45
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

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections To Date	
		Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2012-2013	\$ 3,292,944	\$ 3,246,188	98.58%	\$	\$ 3,246,188	98.58%
2011-2012	\$ 3,244,401	\$ 3,042,243	93.77%	\$ 175,010	\$ 3,217,253	99.16%
2010-2011	\$ 3,220,032	\$ 3,156,754	98.03%	\$ 48,773	\$ 3,205,527	99.55%
2009-2010	\$ 3,139,720	\$ 3,083,654	98.21%	\$ 44,603	\$ 3,128,257	99.63%
2008-2009	\$ 3,105,515	\$ 3,050,888	98.24%	\$ 46,350	\$ 3,097,238	99.73%
2007-2008	\$ 3,010,307	\$ 2,928,389	97.28%	\$ 74,676	\$ 3,003,065	99.76%
2006-2007	\$ 2,871,804	\$ 2,836,463	98.77%	\$ 31,340	\$ 2,867,803	99.86%
2005-2006	\$ 2,819,971	\$ 2,812,849	99.75%	\$ (1,950)	\$ 2,810,899	99.68%
2004-2005	\$ 2,679,761	\$ 2,615,979	97.62%	\$ 55,148	\$ 2,671,127	99.68%
2003-2004	\$ 2,641,864	\$ 2,513,352	95.14%	\$ 114,803	\$ 2,628,155	99.48%

- (1) Includes payments received from the Commonwealth of Virginia for Personal Property Tax Relief Act.
(2) Includes refunds issued for overpayments and corrections.

TOWN OF CHRISTIANBURG

PRINCIPAL PROPERTY TAX PAYERS
LAST THREE FISCAL YEARS

Taxpayer	Fiscal Year 2013			Fiscal Year 2012			Fiscal Year 2011		
	Assessed Value	Rank	Percentage of Total Town Assessed Value	Assessed Value	Rank	Percentage of Total Town Assessed Value	Assessed Value	Rank	Percentage of Total Town Assessed Value
Roger Woody	\$ 59,885,700	1	3.05%	58,685,800	1	3.01%	57,252,600	1	2.95%
Shelor Properties	58,410,700	2	2.97%	55,341,900	2	2.84%	54,516,300	2	2.81%
PR Financing	57,205,100	3	2.91%	53,957,600	3	2.77%	53,960,200	3	2.78%
Appalachian Power	24,460,658	4	1.24%	24,460,658	4	1.25%	24,507,600	4	1.26%
CENTRO Heritage Spradling Farm	23,791,300	5	1.21%	16,575,700	5	0.85%	16,575,700	5	0.85%
Wal-Mart	15,461,400	6	0.79%	15,461,400	6	0.79%	15,461,400	6	0.80%
Backcountry.com	14,432,300	7	0.73%			Not applicable for 2012 or 2011			
Christiansburg Market Place	12,475,000	8	0.63%	12,475,200	7	0.64%	12,475,200	7	0.64%
Harvey Hubble, Inc.	10,498,500	9	0.53%	10,498,500	8	0.54%	10,498,500	9	0.54%
Dayton Hudson Corp	10,013,100	10	0.51%	10,013,100	9	0.51%	10,614,800	8	0.55%
Verizon V.A. Inc.	9,054,141	11	0.46%	9,054,141	10	0.46%	10,329,066	10	0.53%
Norfolk & Western	6,994,785	12	0.36%	6,994,785	11	0.36%	6,559,195	11	0.34%
	\$ 302,682,684		15.40%	273,518,784		14.03%	272,750,561		14.06%

Source: Montgomery County Commissioner of Revenue

**WATER AND SEWER RATES
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
WATER										
INSIDE TOWN LIMITS										
4,000 OR LESS	\$ 17.00	\$ 16.00	\$ 13.80	\$ 13.30	\$ 13.00	\$ 12.00	\$ 11.00	\$ 11.00	\$ 10.00	\$ 10.00
PER THOUSAND FOR NEXT 96,000	4.60	4.40	4.00	3.70	3.55	3.45	3.35	3.25	3.05	2.76
PER THOUSAND FOR NEXT 5,900,000	2.60	2.40	2.20	2.20	2.20	2.10	2.10	2.10	2.00	2.00
OUTSIDE TOWN LIMITS										
4,000 OR LESS	\$ 25.50	\$ 24.00	\$ 20.70	\$ 19.95	\$ 19.50	\$ 18.00	\$ 16.50	\$ 16.50	\$ 15.00	\$ 15.00
PER THOUSAND FOR NEXT 96,000	6.90	6.60	6.00	5.55	5.32	5.175	5.025	4.875	4.575	4.14
PER THOUSAND FOR NEXT 5,900,000	3.90	3.60	3.30	3.30	3.30	3.15	3.15	3.15	3.00	3.00
SEWER										
INSIDE TOWN LIMITS										
0-4,000	\$ 27.00	\$ 26.00	\$ 23.00	\$ 23.00	\$ 22.00	\$ 20.00	\$ -	\$ -	\$ -	\$ -
OVER 4,000 PER THOUSAND	7.20	7.00	6.00	5.70	5.65	4.40	-	-	-	-
0-8,000	-	-	-	-	-	-	32.00	32.00	32.00	32.00
OVER 8,000 PER THOUSAND	-	-	-	-	-	-	4.20	4.00	4.00	4.00
OUTSIDE TOWN LIMITS										
0-4,000	\$ 40.50	\$ 39.00	\$ 34.50	\$ 34.50	\$ 33.00	\$ 30.00	\$ -	\$ -	\$ -	\$ -
OVER 4,000 PER THOUSAND	10.80	10.50	9.00	8.55	8.47	6.60	-	-	-	-
0-8,000	-	-	-	-	-	-	48.00	48.00	48.00	48.00
OVER 8,000 PER THOUSAND	-	-	-	-	-	-	6.30	6.00	6.00	6.00
GARBAGE										
INSIDE TOWN LIMITS	\$ 33.00	\$ 33.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 26.00	\$ 26.00	\$ 26.00	\$ 25.00	\$ 25.00
OUTSIDE TOWN LIMITS	49.50	48.00	45.00	45.00	45.00	39.00	39.00	39.00	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			
2012-2013	21,458	\$ 2,242,555	\$ 11,510,000	\$ -	\$ -	\$ 11,510,000	.0078:1	536.3966819
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

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

**SCHEDULE OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Funds					Business-Type Activities					Total Primary Government	Percentage personal Income	Per Capita
	General Obligation Debt												
	1995 General Obligation Note	1993 General Obligation Note	1987 General Obligation Note	2007 Revenue Bond	2004B Revenue Bond	1993 General Obligation Note	1987 General Obligation Note	2001 VA Revolving Loan Fund	1998 VA Revolving Loan Fund				
2012-2013	\$ 535,000	\$ -	\$ -	\$ 1,635,000	\$ 9,340,000	\$ -	\$ -	\$ 5,036,155	\$ 937,687	17,483,842	**	**	**
2011-2012	780,000	-	-	1,710,000	9,595,000	-	-	5,572,974	1,105,466	18,763,440	**	**	874
2010-2011	1,015,000	-	-	1,780,000	9,840,000	-	-	6,091,486	1,267,206	19,993,692		3.32%	951
2009-2010	1,240,000	-	-	1,845,000	10,080,000	-	-	6,592,316	1,423,123	21,180,439		3.62%	1,007
2008-2009	1,455,000	-	-	1,910,000	10,315,000	-	-	7,076,066	1,573,428	22,329,494		4.16%	1,137
2007-2008	1,660,000	-	-	1,970,000	10,540,000	-	-	7,543,319	1,718,322	23,431,641		4.39%	1,201
2006-2007	1,855,000	-	-	-	10,760,000	-	-	7,994,638	1,858,000	22,467,638		4.47%	1,175
2005-2006	2,040,000	-	-	-	10,975,000	-	-	8,430,566	1,992,650	23,438,216		5.09%	1,264
2004-2005	2,215,000	-	-	-	11,185,000	-	-	8,934,431	2,117,535	24,451,966		5.72%	1,325
2003-2004	2,385,000	22,750	-	-	-	107,250	-	9,258,330	2,236,637	14,009,967		3.55%	781

Notes:

Population data (See Schedule 14)

Personal Income data (See Schedule 14)

** Data not yet available

TOWN OF CHRISTIANBURGLEGAL DEBT MARGINLAST TEN FISCAL YEARS

Legal Debt Limit: Calculation for the Fiscal Year Ended June 30, 2013

10% of assessed value of taxable real estate (1)	\$ 2,011,272,137	\$ 201,127,214
Less: Debt applicable to limit		
Bonds payable	11,510,000	
Legal margin for creation of additional debt	<u>\$ 189,617,214</u>	

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	\$ 201,127,214	\$ 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
Total net debt applicable to limit	11,510,000	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
Legal debt margin	<u>\$ 189,617,214</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	5.72%	5.97%	6.37%	6.72%	7.18%	7.69%	7.94%	8.48%	9.08%	1.68%

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)
2013	**	**	**	6.50%
2012	21,458	**	**	6.80%
2011	21,030	3,175,190	28,668	7.40%
2010	21,041	3,087,781	27,844	7.30%
2009	19,632	3,012,683	27,366	5.83%
2008	19,507	2,980,919	27,354	3.60%
2007	19,129	2,835,781	26,299	2.80%
2006	18,542	2,635,476	24,831	3.10%
2005	18,457	2,422,518	23,177	3.60%
2004	17,939	2,265,522	22,020	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 2013		Fiscal Year 2004	
	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	8
County of Montgomery	250 to 499 employees	4	250 to 499 employees	6
Wal-Mart	250 to 499 employees	5	250 to 499 employees	3
Coming Glass Works	250 to 499 employees	6	250 to 499 employees	7
Shelor Motor Mile, Inc.	250 to 499 employees	7	250 to 499 employees	5
Community Housing Partners	250 to 499 employees	8	100 to 249 employees	9
Hubbell Lighting	100 to 249 employees	9	250 to 499 employees	4
Red Lobster & The Olive Garden	100 to 249 employees	10	100 to 249 employees	18
Lowes Home Centers, Inc.	100 to 249 employees	11	100 to 249 employees	10
Cracker Barrel Old Country Store	100 to 249 employees	12	100 to 249 employees	11
Target Corp.	100 to 249 employees	13	100 to 249 employees	15
The Home Depot	100 to 249 employees	14	100 to 249 employees	16
Belk's	50 to 99 employees	15	less than 50	20
Jimmy John's	50 to 99 employees	16	less than 50	21
Comprehensive Computer Solutions	50 to 99 employees	17	less than 50	22
Texas Roadhouse	50 to 99 employees	18	100 to 249 employees	14
C&S Door	less than 50	19	100 to 249 employees	13
Sears Roebuck & Company, Inc.	less than 50	20	100 to 249 employees	19
National Bank of Blacksburg	less than 50	21	100 to 249 employees	17
First National Bank (Stellar One)	less than 50	22	100 to 249 employees	12

Source: Virginia Employment Commission

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

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Administration										
Town Managers office	5.0	8.5	10.5	12.0	6.5	9.0	8.0	7.0	5.5	5.5
Planning	3.0	2.0	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Treasurer/Finance	11.0	10.0	10.0	10.0	11.0	12.5	12.0	12.5	12.5	12.5
Human Resources	1.5	1.0	1.0	1.0	1.0	1.5	1.0	1.0	1.5	1.0
Public Relations	1.5	1.5	1.5	1.0						
Information Technology	2.0	1.5	2.0	2.0						
Public Safety										
Police	73.5	72.5	73.0	73.0	70.0	71.5	65.5	61.5	58.0	60.0
Fire	1.5	1.5	2.0	2.0	1.5	1.0	1.5	1.0	1.0	1.0
Rescue	3.5	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	11.0	9.0	11.0
Streets	35.0	33.0	35.0	35.0	33.5	34.0	34.0	32.0	31.0	34.0
Water and Sewer	36.0	32.0	36.0	36.0	36.0	36.0	37.0	35.0	34.5	38.0
Plant operations	10.5	11.5	11.5	11.5	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	10.0	9.0	10.5
Building Inspections	5.0	4.5	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0
Parks and Recreation	79.0	79.0	86.0	86.0	79.5	90.0	77.5	75.5	71.5	69.5
Aquatics	40.5	40.5	34.0	34.0	3.0					
Cemetery	1.0	1.5	2.0	2.0	2.0	1.0	-	-		-
Totals	333.5	325.5	337.5	337.5	286.0	298.5	278.5	267.5	254.5	264.0
Fire Department Volunteers	36.0	35.0	35.0	35.0	34.0	35.0	36.0	16.0	16.0	17.0
Rescue Department Volunteers	75.0	75.0	67.0	67.0	67.0	67.0	85.0	62.0	62.0	49.0

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

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Building/zoning permits issued	1546	1,071	954	896	695	854	918	927	938	843
Conditional use permits approved	3	8	11	11	**	13	9	21	12	13
Rezoning requests approved	3	.	7	8	**	6	2	9	7	9
Streets approved for vacation	4	1	.	.	**	5	6	5	3	4
Amendments to Town Code/Ordinances	13	11	8	6	**	6	6	4	3	3
Public Safety										
Police										
Criminal offenses	2494	2,810	2,790	2,736	2,946	2,984	2,870	2,919	2,425	2,272
Traffic warrants	7306	7,258	5,671	5,985	5,884	6,331	5,996	5,996	5,865	3,973
Parking violations	89	424	385	537	330	193	238	541	302	433
Patrol miles driven	632,669	581,393	566,732	527,435	534,832	511,295	488,695	451,596	395,306	391,366
Fire										
Christiansburg calls answered	549	564	527	569	477	487	364	498	604	595
County calls answered	336	280	316	343	312	341	321	372	234	233
Total calls answered	885	844	843	912	789	828	685	870	838	828
Rescue										
Christiansburg calls answered	2575	2,610	2,287	2,684	2,466	2,206	1,879	1,944	2,036	2,023
County calls answered	1139	997	1,247	2,142	1,677	1,434	1,301	1,175	1,195	1,036
Total calls answered	3,714	3,607	3,534	4,826	4,143	3,640	3,180	3,119	3,231	3,059
Public Works										
Sanitation										
Trash removal in tons	9545	8,367	8,727	9,370	9,917	12,831	11,625	10,549	10,510	9,859
Spring and fall cleanup in tons										
Junk	393.66	514.70	383.73	660.17	706.09	825.55	1,064.59	903.51	724.38	648.90
Leaves	821.00	613.50	436.48	576.56	395.77	482.81	572.50	416.55	416.67	344.43
Brush	182.46	249.50	138.96	271.14	188.00	202.60	331.87	237.78	294.11	480.40
Recycling in pounds										
Papers	624,660	568,790	480,106	488,600	573,280	479,020	441,860	447,846	495,600	452,040
Containers	385,860	350,240	308,960	283,940	246,200	191,000	159,280	156,160	145,860	131,900
Total pounds recycled	1,010,520	919,030	789,066	772,540	819,480	670,020	600,140	604,006	641,460	583,940
Streets										
Principal/minor arterial lane miles	45.75	45.75	45.75	45.75	45.75	45.69	45.69	45.69	45.69	38.84
Principal/minor center lane miles	15.31	15.31	15.31	15.31	15.31	15.31	15.31	15.31	15.31	13.94
Collector/local streets lane miles	202.98	202.98	202.98	202.98	195.22	194.10	191.66	185.64	183.16	183.04
Collector/local streets center lane miles	101.15	101.15	101.15	101.15	97.27	96.71	95.49	92.48	91.24	91.18
Sidewalks installed new and replaced in linear feet										
Curb and gutter installed in linear feet	912	1,247	.	.	.	112	1,240	1,240	540	540
Storm drains installed in linear feet	0	343	.	.	.	.	.	.	.	115
(replacements 128)		1,628	615	1,159	1,040	952	802	961	455	386
Street lights installed	33	21	28	22	25	59	15	20	38	174
Street signs new	66	76	39	39	279	131	53	284	105	105
Street signs repaired or replaced	120	310	310	310	140	190	32	1,867	1,944	1,489
Total street signs	6,061	5,995	5,919	5,919	5,879	5,506	5,447	5,407	5,302	5,197
Water										
New water services installed, net of removed	89	47	57	57	96	105	127	207	154	131
Total water customers in Town	9,580	9,491	9,444	9,387	9,330	9,234	9,129	9,002	8,795	8,641
New water services installed Out of Town	9	2	10	16	14	15	8	8	7	6
Accumulative water services Out of Town	495	486	484	474	458	444	429	413	406	406
Total water services in and Out of Town	10,075	9,977	9,928	9,861	9,788	9,678	9,558	9,423	9,208	9,047

(continued)

TOWN OF CHRISTIANBURG

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

Function/Program	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Water										
Water consumption in gallons Town System	521,310,359	536,192,792	512,486,032	560,806,508	629,847,030	447,830,220	452,457,295	366,864,130	407,813,230	420,289,000
Water consumption in gallons Water Authority Main						131,536,990	135,815,290	130,160,120	135,909,310	157,292,000
Montgomery County PSA	97,164,800	129,101,324	105,402,000	102,156,000	101,256,000	106,804,700	54,689,400			
Total water consumption	618,475,159	665,294,116	618,888,032	663,052,508	731,103,030	686,180,910	642,941,985	497,024,250	543,772,540	577,581,020
New water mains installed in linear feet	1,727	6,400	2,545	2,897	10,211	11,376	18,239	15,817	15,188	13,753
Cumulative water mains, feet	803,170	801,442	795,042	792,497	789,225	779,014	**	**	755,797	660,545
Cumulative water mains, miles	152.13	151.79	150.58	150.10	149.47	147.55	**	**	143.15	125.12
Sewer										
New service installed in Town, net of service removed	87	43	67	64	84	131	155	205	179	144
Accumulative services in Town	8,780	8,683	8,650	8,583	8,519	8,435	8,304	8,149	7,944	7,765
New sewer service installed Out of Town	9	2	11	15	12	15	10	7		
Accumulative services Out of Town	116	107	105	94	79	67	52	42	35	35
Total sewer services In and Out of Town	8,896	8,800	8,755	8,677	8,598	8,502	8,356	8,191	7,979	7,800
New Sanitary Sewer Gravity Mains installed in linear feet	226	8,614	-	555	12,446	9,627	12,310	21,564	18,683	16,124
New Sanitary Sewer Force Mains installed in linear feet	390					786	**			875
Total sewer system lines in linear feet	781,558	781,332	772,718	772,718	771,377	771,377	**	759,459	738,900	686,087
Total sewer system lines in miles	146.72	147.97	146.34	146.34	146.09	146.09	**	143.90	139.95	129.94
Waste Water Treatment Plant										
Gallons collected and treated	901,000,000	848,700,000	875,000,000	976,932,000	863,148,000	725,500,000	795,300,000	728,594,000	896,000,000	977,200,000
Average number of gallons treated per day	2,468,493	2,318,852	101,932,000	2,678,526	2,419,584	1,987,671	2,178,904	1,996,148	2,454,795	2,677,260
Parks and Recreation										
Number of programs offered										
Youth and community	94	100	90	90	109	100	101	80	84	119
Adult and community	202	214	194	199	188	182	166	160	134	149
Youth athletic	46	46	46	48	47	33	30	27	26	26
Adult athletic	23	18	18	18	10	9	10	8	8	8
Senior citizen	169	162	138	167	162	180	163	170	167	142
Special population	8	5	7	7	8	13	8	9	9	8
Youth special events	7	8	9	10	14	22	19	29	36	20
Adult special events	8	8	11	12	14	12	13	13	13	11
Senior citizen special events	19	21	23	18	27	32	28	23	23	30
Clubs	3	2	4	4	5	6	6	7	7	7
Aquatics ***										
Membership packages sold										
Resident	458	664	1,217							
Non resident	390	570	809							
Day passes sold	31,274	35,779	42,888							
Birthday parties	315	394	407							
Competitive meets	25	20	25							
Number of classes	207	187	238							
Cemetery ****										
Burials	101	70								
Cremations	8	11								
Lots sold	39	35								

Notes:

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

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

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

TOWN OF CHRISTIANSBURG

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating Revenues										
Charges for Services:										
Water and Sewer Service Fees	\$ 6,531,903	\$ 6,265,568	\$ 5,484,183	\$ 5,519,143	\$ 5,292,970	\$ 4,827,387	\$ 4,695,848	\$ 4,415,735	\$ 4,232,444	\$ 4,076,538
Water and Wastewater Connection Fees	426,634	347,939	371,782	413,644	309,435	568,508	492,529	730,135	778,573	567,034
Penalties and Other	156,046	147,368	137,934	128,903	121,335	119,561	95,675	90,212	86,783	78,737
Total Operating Revenues	\$ 7,114,583	\$ 6,760,875	\$ 5,993,899	\$ 6,061,690	\$ 5,723,740	\$ 5,509,456	\$ 5,284,052	\$ 5,236,082	\$ 5,097,800	\$ 4,722,309
Operating Expenses										
Salaries and Wages	\$ 1,616,818	\$ 1,575,967	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963	\$ 1,381,847	\$ 1,210,010	\$ 1,180,184	\$ 1,184,840	\$ 1,125,620
Employee Benefits	218,388	240,684	198,480	220,884	231,046	228,264	201,817	178,693	200,429	165,230
Water Authority Purchases	1,541,555	1,469,252	1,397,224	1,269,778	1,093,827	970,469	973,921	458,827	684,754	682,606
Utilities	315,547	272,383	286,277	325,957	272,090	178,236	241,113	188,510	176,791	179,313
Repairs and Maintenance	158,858	228,393	282,621	257,696	270,086	291,846	268,173	261,224	228,892	211,981
Depreciation and Amortization	1,643,954	1,611,172	1,557,751	1,555,696	1,489,290	1,460,698	1,424,625	1,408,040	1,359,093	1,326,644
Materials and Supplies	514,909	562,506	610,572	537,265	507,036	493,383	441,504	552,214	444,071	397,881
General and Administrative	419,074	247,278	256,950	248,513	129,894	139,773	104,151	142,862	152,656	122,769
Total Operating Expenses	\$ 6,428,903	\$ 6,207,615	\$ 6,095,405	\$ 5,894,189	\$ 5,468,022	\$ 5,144,516	\$ 4,865,314	\$ 4,370,534	\$ 4,431,535	\$ 4,212,053
Operating Income (Loss)	\$ 685,680	\$ 553,260	\$ (104,506)	\$ 167,502	\$ 255,718	\$ 364,940	\$ 418,738	\$ 865,548	\$ 666,265	\$ 510,256
Nonoperating Revenues (Expenses)										
Interest and Fiscal Charges	(222,543)	(247,560)	(271,290)	(294,198)	(316,315)	(337,667)	(358,281)	(305,448)	(495,976)	(441,308)
Total Nonoperating Revenues (Expenses)	\$ (222,543)	\$ (247,560)	\$ (271,290)	\$ (294,198)	\$ (316,315)	\$ (337,667)	\$ (358,281)	\$ (305,448)	\$ (495,976)	\$ (441,308)
Income (Loss) Before Contributions and Transfers	\$ 463,137	\$ 305,700	\$ (375,796)	\$ (126,696)	\$ (60,597)	\$ 27,273	\$ 60,457	\$ 560,100	\$ 170,289	\$ 68,948
Capital Contributions	45,971	794,819	52,700	74,655	490,222	392,711	508,320	584,754	435,842	209,077
Transfers In	509,108	226,084	323,096	707,721	1,315,045	1,030,816	254,119	(30,262)	242,215	594,481
Change in Net Assets		1,326,603		655,680	1,744,670	1,450,800	822,896	1,105,592	848,346	872,506
Net Assets, Prior Year	\$ 32,849,937	\$ 31,523,334	\$ 31,523,334	\$ 30,867,654	\$ 29,122,985	\$ 27,672,185	\$ 26,849,289	\$ 25,743,697	\$ 24,895,351	\$ 24,022,845
Net Assets, Current Year	\$ 33,359,045	\$ 32,849,937	\$ 31,523,334	\$ 31,523,334	\$ 30,867,655	\$ 29,122,985	\$ 27,672,185	\$ 26,849,289	\$ 25,743,697	\$ 24,895,351

TOWN OF CHRISTIANBURG

ENTERPRISE FUND EXPENSES AND BOND PAYMENTS
TEN YEAR HISTORICAL

Schedule 19

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Water										
Personal service -										
Salaries, wages, and payroll taxes, and retirement										
Fringe benefits - insurance	\$ 489,016	\$ 468,555	\$ 454,598	\$ 468,555	\$ 458,717	\$ 490,744	\$ 333,066	\$ 323,384	\$ 327,940	\$ 331,974
Water Authority purchases	57,528	73,414	69,801	73,414	77,921	103,932	81,464	74,241	83,848	63,321
Utilities	1,541,555	1,269,775	1,397,224	1,269,775	1,093,827	970,469	973,921	458,827	684,754	682,606
Repairs & maintenance	22,641	28,408	27,006	28,408	26,996	18,755	21,902	17,749	16,350	17,100
Depreciation & amortization	52,778	115,720	96,786	115,720	84,408	119,841	98,918	99,940	70,583	60,402
Materials & supplies	317,201	332,147	340,940	332,147	313,855	318,787	308,169	305,061	291,524	281,628
General & administrative	132,023	105,504	153,964	105,504	103,345	117,005	146,153	219,606	185,252	184,807
Bond payments- principal	152,860	57,039	67,990	57,039	32,227	39,403	31,368	26,155	33,986	26,245
Bond payments- interest										
Water Totals	\$ 2,765,601	\$ 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, and payroll taxes, and retirement										
Fringe benefits - insurance	\$ 462,424	\$ 388,298	\$ 420,184	\$ 388,298	\$ 396,544	\$ 305,338	\$ 328,434	\$ 321,109	\$ 348,653	\$ 302,402
Water Authority purchases	88,511	67,718	54,942	67,718	77,650	50,431	67,509	56,968	62,850	54,012
Utilities	99,401	95,479	80,762	95,479	74,083	43,066	65,367	46,157	44,890	49,524
Repairs & maintenance	60,517	72,097	114,995	72,097	91,444	70,834	88,010	71,824	70,782	55,697
Depreciation & amortization	563,514	458,528	466,372	458,528	438,349	441,555	424,854	406,394	373,475	351,046
Materials & supplies	73,088	133,397	156,480	133,397	91,223	66,262	51,432	77,256	44,442	46,740
General & administrative	135,743	68,941	91,179	68,941	35,928	29,227	18,813	16,778	21,230	17,795
Bond payments- principal										
Bond payments- interest									107,250	165,000
Waste Water Totals	\$ 1,483,198	\$ 1,284,458	\$ 1,384,914	\$ 1,284,458	\$ 1,205,221	\$ 1,006,813	\$ 1,044,419	\$ 996,486	\$ 1,078,569	\$ 1,049,706
Waste Water Treatment Plant										
Personal service -										
Salaries, wages, and payroll taxes, and retirement										
Fringe benefits - insurance	\$ 665,370	\$ 621,538	\$ 633,748	\$ 621,538	\$ 619,702	\$ 585,765	\$ 548,510	\$ 535,671	\$ 508,256	\$ 491,244
Water Authority purchases	72,349	79,762	73,738	79,762	75,475	73,901	52,844	47,484	53,731	47,896
Utilities	193,505	202,071	178,508	202,071	171,011	116,415	153,854	124,604	115,542	112,590
Repairs & maintenance	45,362	69,879	70,840	69,879	94,144	101,071	81,245	89,460	87,517	95,892
Depreciation & amortization	763,239	765,021	750,439	765,021	737,086	700,356	691,602	696,585	694,084	683,970
Materials & supplies	309,799	298,364	300,128	298,364	312,468	310,116	243,919	255,352	234,377	166,334
General & administrative	130,471	122,533	97,781	122,533	61,530	71,143	53,970	99,929	97,440	78,729
Bond payments- principal	704,598	634,055	656,747	634,055	612,147	590,997	570,578	628,750	443,001	745,759
Bond payments- interest	222,543	294,198	271,290	294,198	316,315	337,667	358,281	305,448	490,989	433,818
Waste Water Treatment Plant Totals	\$ 3,107,244	\$ 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, and payroll taxes, and retirement										
Fringe benefits - insurance	\$ 1,616,818	\$ 1,478,391	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963	\$ 1,381,847	\$ 1,210,010	\$ 1,180,164	\$ 1,184,949	\$ 1,125,620
Water Authority purchases	218,368	220,894	198,481	220,894	231,046	228,264	201,817	178,983	200,429	165,229
Utilities	1,541,555	1,269,775	1,397,224	1,269,775	1,093,827	970,469	973,921	458,827	684,754	682,606
Repairs & maintenance	315,547	325,958	286,276	325,958	272,090	178,236	241,113	188,510	176,791	170,313
Depreciation & amortization	1,584,854	1,555,696	1,557,751	1,555,696	1,489,290	1,460,698	1,424,625	1,359,093	1,326,892	1,211,991
Materials & supplies	514,909	537,265	610,572	537,265	507,036	493,383	441,504	552,214	444,071	397,881
General & administrative	419,074	249,513	256,950	249,513	129,685	139,773	104,151	142,862	152,656	122,769
Bond payments- principal	704,598	634,055	656,747	634,055	612,147	590,997	570,578	628,750	910,759	910,759
Bond payments- interest	222,543	294,198	271,290	294,198	316,315	337,667	358,281	305,448	495,976	441,308
Totals	\$ 7,356,044	\$ 6,822,441	\$ 7,026,442	\$ 6,822,441	\$ 6,396,485	\$ 6,073,180	\$ 5,794,173	\$ 5,304,732	\$ 5,477,762	\$ 5,564,120

TOWN OF CHRISTIANSBURGENTERPRISE FUND EXPENSES AND BOND PAYMENTS BREAKDOWN
FOR THE YEAR ENDED JUNE 30, 2013

	Total	Water	Wastewater Operations	Wastewater Treatment Plant
Personal service -				
salaries, wages,				
payroll taxes, and				
retirement	\$ 1,616,818	\$ 489,016	\$ 462,424	\$ 665,379
Fringe benefits - insurance	218,388	57,528	88,511	72,349
Water Authority purchases	1,541,555	1,541,555		
Utilities	315,547	22,641	99,401	193,505
Repairs & maintenance	158,658	52,778	60,517	45,362
Depreciation & amortization	1,643,954	317,201	563,514	763,239
Materials & supplies	514,909	132,023	73,088	309,799
General & administrative	419,074	152,860	135,743	130,471
Bond payments- principal	704,598			704,598
Bond payments- interest	222,543			222,543
Totals	\$ 7,356,044	\$ 2,765,601	\$ 1,483,198	\$ 3,107,244

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - PERMANENT FUND (modified accrual basis of accounting)
 YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Beginning unassigned fund balance:	\$ -	\$ -	\$ -	\$ -
Revenues (Inflows):				
Interest Income	1,000	1,000	7,971	6,971
Burials	70,000	70,000	69,510	(490)
Sale of Lots	26,000	26,000	28,930	2,930
Miscellaneous	40	40	-	(40)
Amounts Available for Expenditures	<u>97,040</u>	<u>97,040</u>	<u>106,411</u>	<u>9,371</u>
Expenditures (Outflows):				
Current:				
Salaries and Fringe	92,257	92,257	84,572	7,685
Insurance and Operational Costs	77,750	77,750	65,501	12,249
Equipment Purchases and Capital Outlay	108,000	108,000	59,622	48,378
Total Expenditures	<u>278,007</u>	<u>278,007</u>	<u>209,695</u>	<u>68,312</u>
Excess of revenues over expenditures	<u>(180,967)</u>	<u>(180,967)</u>	<u>(103,284)</u>	<u>77,683</u>
Other financing sources (uses):				
Transfers	<u>206,967</u>	<u>206,967</u>	<u>170,438</u>	<u>(36,529)</u>
Total other financing sources (uses)	<u>206,967</u>	<u>206,967</u>	<u>170,438</u>	<u>(36,529)</u>
Assigned to Perpetual Care	26,000	26,000	69,469	43,469
Ending Unassigned Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,315)</u>	<u>\$ (2,315)</u>

Compliance 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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and business-type activities information of the Town of Christiansburg, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Christiansburg, Virginia's basic financial statements, and have issued our report thereon dated November 20, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Michael B. Cooke, CPA, PC

Blacksburg, Virginia
November 20, 2013

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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 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, 2013, and have issued our report thereon dated November 20, 2013.

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 no instances of noncompliance.

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
November 20, 2013

