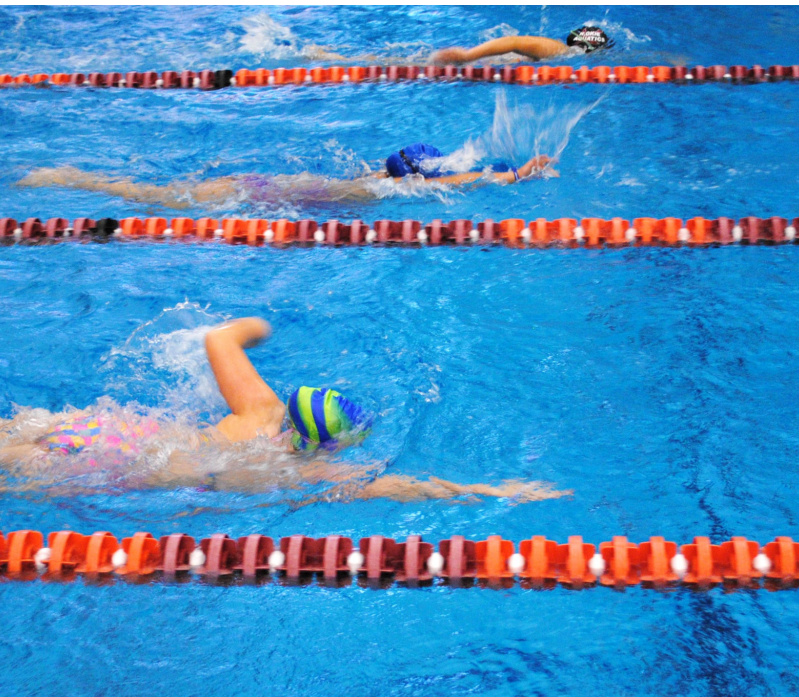




# Town of Christiansburg, Virginia

## Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2017



TOWN OF CHRISTIANBURG, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

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PREPARED BY:  
VALERIE L. TWEEDIE, CPA, CFE, CGFM  
DIRECTOR OF FINANCE/TREASURER  
TOWN OF CHRISTIANBURG, VIRGINIA

TOWN OF CHRISTIANSBURG, VIRGINIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017

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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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## INTRODUCTORY SECTION

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# *Town of Christiansburg, Virginia 24073*

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

November 4, 2017

ESTABLISHED

NOVEMBER 10, 1792

INCORPORATED  
JANUARY 7, 1833

MAYOR  
D. MICHAEL BARBER

COUNCIL MEMBERS  
R. CORD HALL  
STEVE HUPPERT  
HENRY SHOWALTER  
BRADFORD J. "BRAD" STIPES  
HARRY COLLINS  
SAMUEL BISHOP

INTERIM TOWN MANAGER &  
ASSISTANT TOWN MANAGER  
RANDY S. WINGFIELD

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

CLERK OF COUNCIL  
MICHELE M. STIPES

TOWN ATTORNEY  
GUYNN, & MEMMER P.C.

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

Section 15.1-167 of the *Code of Virginia*, requires an annual independent audit and report of financial activity of the Town presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the Finance Department and Town Manager's Office hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Christiansburg, Virginia for the fiscal year ended June 30, 2017.

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

### The Report

The Town of Christiansburg's financial statements have been audited by the independent certified public accounting firm of Robinson, Farmer, Cox, Associates LLC. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Christiansburg, for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Christiansburg's financial statements for the fiscal year ended June 30, 2017, 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 auditor's report. This letter of transmittal is designed to complement MD&A and should be read in conjunction with the report of the independent auditor.

Profile of the Government

Location, History, and Government

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

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

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

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

*Town of Christiansburg*  
*Letter of Transmittal continued*

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

*Services Provided*

The Town of Christiansburg provides services for its citizens that have proven to be necessary and meaningful. Major services provided under the general government and enterprise function include: general administration, public safety, public works, planning, and recreational activities. The Town also provides and maintains water and sewer utilities, storm water management program, and solid waste and recycling services. Montgomery County provides public school services and educational programs for the students of the Town of Christiansburg as well as courts and social services programs.

*Accounting System and Budgetary Control*

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

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

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

The Town Council adopts an annual budget for all funds prepared by Town management. The legally adopted budgets for the general fund, special revenue fund, permanent fund, and capital projects fund are prepared on the modified accrual basis. These budgets are reviewed by the Town Council and are formally adopted by the passage of a budget ordinance. The Director of Finance is authorized to transfer budgeted amounts between line items and departments within the general fund upon request and justification from management; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

*Town of Christiansburg*  
*Letter of Transmittal continued*

The legal level of budgetary control has been established at the individual fund level except within the special revenue fund where the legal level of compliance is at the functional/program level. Financial reports are produced showing budget to actual expenditures by line item, and are distributed monthly to Town departmental management and to others upon request.

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in Exhibit 10 as part of the required supplementary information. The Special Revenue, Cemetery, Capital Projects, and other funds budget-to-actual comparisons are presented in the other supplementary information in Exhibit 17 through Exhibit 22. The budgetary comparison for all Governmental Funds is presented in Schedule 1 and Schedule 2.

Local Economy

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

The Town of Christiansburg is located along the I-81 corridor in Montgomery County and is the county seat. The Town is the major retail shopping outlet for the surrounding community which includes the City of Radford and the Town of Blacksburg. The City of Radford is home to Radford University and the Town of Blacksburg is home to Virginia Tech. Each University houses a large annual student population and Virginia Tech has a strong and popular football team which attracts thousands of visitors throughout the football season. Christiansburg is also home to the Nationwide Dish Network customer service facility. In October of 2012, BackCountry.com opened a major distribution center in the industrial park and is expected to employ approximately 300 people when fully operational over the next several years. The Town continues to work with the Economic Development Department of Montgomery County to increase its business base and industrial customers. Although the Town saw declines in revenues during the recessionary period, the Town's economy is beginning to see small improvements and the Town's reserves are stable.

Long-term Financial Planning

In 2016, the Town Council revisited its 2020 Vision, established in 2009, which outlined nine vision statements that guide the short and long-term planning for operations and decisions within the Town. They revised the plan to "Destination 2022" along with the some modifications to the vision statements to include the following 7 goals: An Active Destination for Culture, Recreation &

*Town of Christiansburg*  
*Letter of Transmittal continued*

Entertainment; Destination for Retail, Commerce & Service; Clean and Green Healthy and Safe Community; A Town of Well informed and Engaged Citizens; Partnering with Businesses and Residents; A Sound Financial Entity; and Everyone's Hometown.

Each of these goals are considered when evaluating financial and operational issues and they are the framework under which the annual budget is established. Over the last several years the Town has been establishing new policies and procedures for various aspects of its operations to achieve these objectives. The Town Council Chambers were updated to include projectors and microphones, and taping of monthly meetings are now available on the public cable channel designated for government use so that the citizens may be better informed. Furthermore, new initiatives have been made to establish more sidewalks and trails throughout the Town for recreational purposes as well as fostering an interconnected community.

Relevant Financial Policies

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

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

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

*Town of Christiansburg*  
*Letter of Transmittal continued*

The real estate tax rate remained unchanged in the Town for six years and was actually reduced in 2007 from 0.144 per \$100 to a rate of 0.1126 per \$100. In 2013-2014 the tax rate was increased to .13 per \$100 and in 2015-2016 the rate was increased to .16 per \$100 and remains unchanged today. In 1980, the tax rate was 0.225 per \$100 and was reduced in 1983 to 0.175 per \$100.

The rate was reduced again in 1990 to 0.144 per \$100 during significant growth and development and increased assessed values. The personal property tax rate is 0.45 per \$100 and has not been changed since 1987 when the rate was reduced from 2.25 per \$100. Citizens of Christiansburg are taxed by both the Town and Montgomery County. The County increased its real estate tax rate for 2013 from 0.87 per \$100 to 0.89 and the rate has remained at 0.89. Its personal property tax rate increased from 2.45 per \$100 in 2012 to 2.55 in 2013 and has remained unchanged to date. The increased real estate rate is primarily to fund the construction of three new schools within the County.

The Town participates in the Virginia Retirement System (VRS) with benefits as outlined in the footnotes to the financial statements. The Town's annual contractually required contributions totaled \$ 1,175,365. And employee contributions totaled \$529,998 The Town currently funds the current year requirement as well as an amortized portion of the unfunded liability. The unfunded actuarial accrued liability is amortized over a period of 30 years. The Town's net pension liability as of the last measurement date of June 30, 2016 is approximately \$9.9 million.

The Town also provides a payout of sick leave balance for personnel hired before June 30, 2011 that accrues from divesting a retiree of accrued sick leave upon retirement. The details of this plan are also described in the footnotes of the financial statements (Note 1). The balance expected to be paid out for these benefits is accrued as a part of compensated absences.

Christiansburg also provides its employees who retire from the Town with 20 years of service an amount that is to be paid into a medical reimbursement account. This other post-employment benefit is also a pay-as-you-go system and has an unfunded actuarial accrued liability of \$1,789,625 as of the last valuation date of June 30, 2017. This plan is more fully described in the footnotes of the financial statements (Note 9) and Exhibit 11.

Major Initiatives

During this fiscal year we completed several large infrastructure projects. Improvements were made at the intersection of Independence and N. Franklin Street, the storm drain project around Church, Brown, and Lucas streets was completed adding 1400 feet of storm drain to handle water runoff as well as 2500 feet of storm drain and new sidewalks on Park Street. 700 feet of curb and gutter were replaced on West Main Street, 4500 feet of paving was completed on West Main Street and 3500 feet of paving was completed on Depot Street. We also completed the Downtown streetscape project this year.

*Town of Christiansburg*  
*Letter of Transmittal continued*

Management changes

On July 1, 2016 Steve Biggs became our new town manager. Steve was a native of North Carolina where he served for 19 years as the Town Manager of Clayton North Carolina. Unfortunately, on April 12, 2017 he took his own life. It has been a difficult adjustment for all and we sincerely appreciate all the love support that we have received from the community. Randy Wingfield has been named the interim town manager while Town Council conducts interviews to determine the next town manager.

Awards and Acknowledgements

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

The Town of Christiansburg Police Department is a fully accredited agency. The Department sought and received accreditation in 2000 and continues to maintain that standing. They were accredited for the 4<sup>th</sup> time in June 2016. The accreditation is provided by the Virginia Law Enforcement Professional Standards Commission and requires regular reviews and recertification of the departments operations. The next review will be in 2018.

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



*Town of Christiansburg*  
*Letter of Transmittal continued*

The Christiansburg Rescue Squad was recognized by the American Heart Association with the Gold Plus EMS Award for outstanding Achievements in Cardiac Care.



*The award was Present by Dr. Paul Frantz, Head of Cardiovascular Services at Carillon Hospital to Dustin Williams Deputy Chief of Christiansburg Rescue Squad.*

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Christiansburg for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards and satisfy both generally accepted accounting principles and applicable legal requirements.

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

*Town of Christiansburg*  
*Letter of Transmittal continued*



Finance/Treasurers Office Staff

Left to right front Row: Kayla Crawford, Amber Haskins, Deanna Cox, Valerie Tweedie, Kim Widrig,  
Back Row: Sherry Hunter, Debbie Reed, Samantha Connors, Shana Reed,  
Brittany Kast, Stacy Harris, Darlene Bierman

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

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

Respectfully submitted,

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

Randy Wingfield  
Interim 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, 2016**

Executive Director/CEO

## TOWN OF CHRISTIANSBURG, VIRGINIA

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### TOWN COUNCIL

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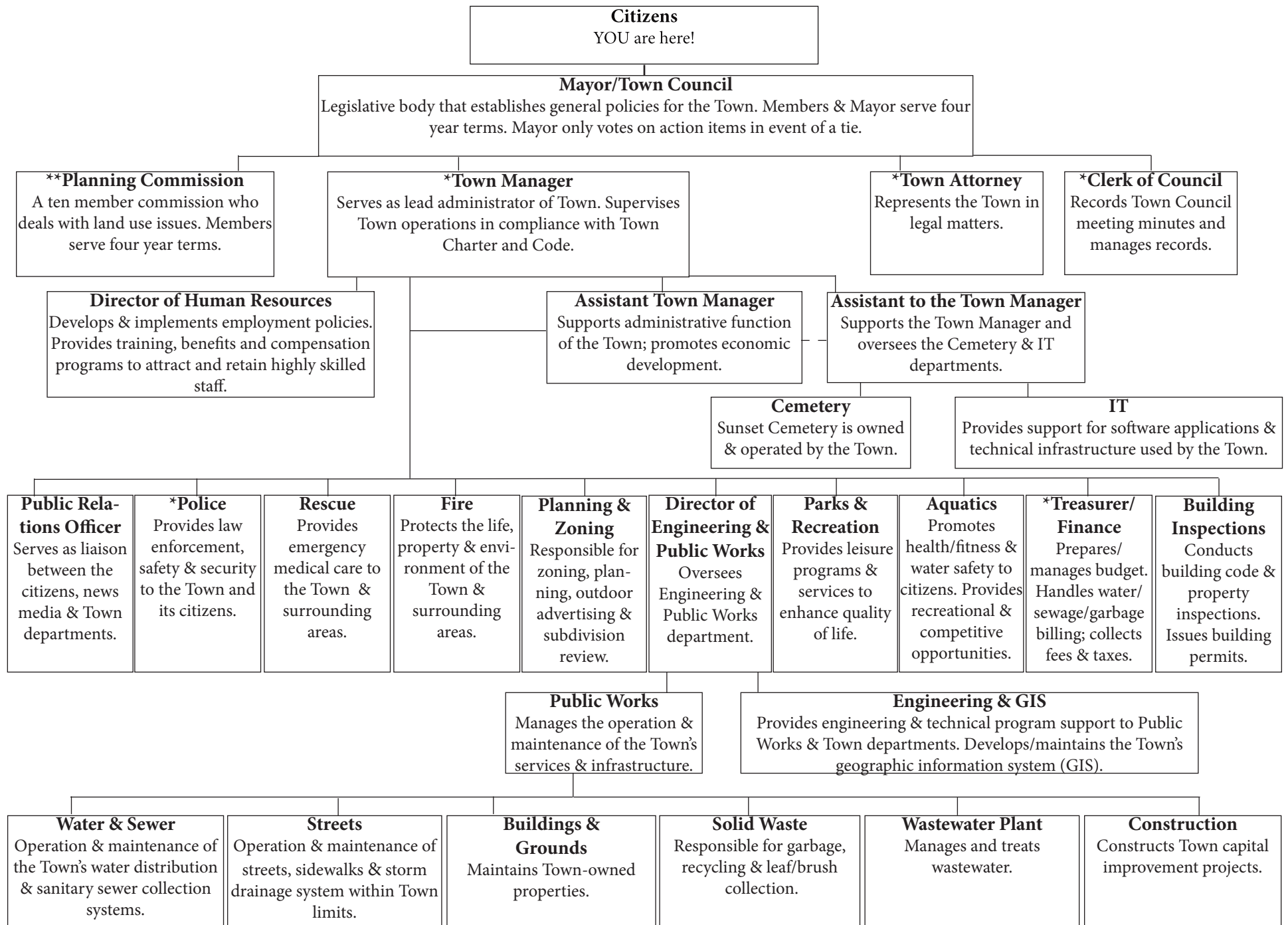
D. Michael Barber, Mayor  
Samuel M. Bishop  
Harry Collins  
Cord Hall  
Steve Huppert  
Henry Showalter  
Bradford J. Stipes

### OTHER OFFICIALS

---

Randy Wingfield ..... Interim Town Manager  
Valerie Tweedie ..... Director of Finance/Treasurer  
Gynn & Waddell, PC ..... Town Attorney  
Wayne Nelson, PE ..... Director of Engineering  
Jim Lancianese ..... Director of Public Works  
Andrew Warren ..... Director of Planning  
Mark Sisson ..... Chief of Police  
Brad Epperley ..... Director of Parks and Recreation  
David Brahmstadt ..... Director of Human Resources and Public Relations  
Terry Caldwell ..... Director of Aquatics

# Town of Christiansburg Organizational Structure & Departmental Functions



\* Position appointed by Council

\*\* Planning Commission Members appointed by Council

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## FINANCIAL SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Christiansburg, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Christiansburg, Virginia, as of June 30, 2017, 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, budgetary comparison information, and schedules related to pension and OPEB funding on pages 16-24, 82, and 83-86, and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Christiansburg, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2017, on our consideration of the Town of Christiansburg, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

*Robinson, Famer, Cox Associates*

Blacksburg, Virginia  
November 4, 2017

**TOWN OF CHRISTIANSBURG, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2017**

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, 2017. It should be read in conjunction with the Town's basic financial statements.

**FINANCIAL HIGHLIGHTS**

- The Town's total net position increased by \$8,883,074 during the fiscal year, on the government-wide basis. The Town's total net position, on the government-wide basis, totaled \$163,173,241 at June 30, 2016, however this amount was restated to \$163,336,188 to reflect the addition of EMS billing accruals and the transfer of Stormwater assets to the Town's newly created Stormwater Fund. Net Position as of June 30, 2017 is \$172,219,262. Of this amount, \$17,873,136 may be used to meet ongoing obligations to citizens and creditors, \$151,516,335 is invested in capital assets, net of related debt, \$746,818 is restricted for perpetual care in the Cemetery Fund; \$2,082,973 is restricted for other purposes.
- On a government-wide basis for governmental activities, the Town had expenses (including transfers) net of program revenues of \$16,393,772, which were \$5,927,097 less than the general revenues, of \$22,320,869.
- At June 30, 2017 the Town's Governmental Funds Balance Sheet reported total ending fund balances of \$31,309,833 of which \$774,754 was nonspendable as a part of the cemetery perpetual care fund and prepaid expenses of the general fund, \$2,181,328 was restricted by law or donor restrictions; \$4,371,279 was assigned to specific savings for future needs of the Town and \$23,982,472 was unassigned and available to meet future needs.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

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

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

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

### Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The fund financial statements focus on the Town's most significant funds rather than fund types. The fund financial statements begin on page 27 and provide detailed information about the most significant funds, not the Town as a whole. The Town has two types of funds:

Governmental funds - Most of the Town's basic services are included in governmental funds. Fund-based statements for these funds focus on how resources flow into and out of those funds and the balances left at year-end that are available for future spending. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the Town's programs. The differences between governmental activities as reported in the government-wide and fund financial statements are reconciled in Exhibits 4 and 6 on pages 28 and 30.

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Town's enterprise funds (two proprietary funds), are the same as the government-wide business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The Town's enterprise funds are the Water and Sewer Fund and the Stormwater Fund.

### FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Christiansburg, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$172,219,262 at the close of the most recent fiscal year, June 30, 2017.

By far the largest portion of the Town of Christiansburg's net position (88 percent) reflects its investment in capital assets (e.g., land, buildings and structures, and equipment); less any related debt used to acquire those assets that is still outstanding. The Town of Christiansburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Christiansburg's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities.

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# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Summary of Net Position:

The following table presents a condensed summary of net position:

### Summary of Net Position

As of June 30, 2017

(In Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016*	2017	2016*	2017	2016*
Current and other assets	\$ 39,609	\$ 33,788	\$ 3,785	\$ 3,196	\$ 43,394	\$ 36,984
Capital assets, net	127,910	129,360	42,657	40,694	170,567	170,054
Total Assets	\$ 167,519	\$ 163,148	\$ 46,442	\$ 43,890	\$ 213,961	\$ 207,038
Deferred charge on refunding, net	\$ 308	\$ 330	\$ -	\$ -	\$ 308	\$ 330
Pension contributions after measurement date	1,701	1,238	337	230	2,038	1,468
Total Deferred Outflows of Resources	\$ 2,009	\$ 1,568	\$ 337	\$ 230	\$ 2,346	\$ 1,798
Other liabilities	\$ 3,753	\$ 3,244	\$ 1,048	\$ 835	\$ 4,801	\$ 4,079
Long-term liabilities	24,970	25,251	8,073	9,049	33,043	34,300
Total Liabilities	\$ 28,723	\$ 28,495	\$ 9,121	\$ 9,884	\$ 37,844	\$ 38,379
Net difference projected and actual earnings pension plan	\$ 1,570	\$ 2,377	\$ 271	\$ 358	\$ 1,841	\$ 2,735
Deferred tax revenue	4,403	4,548	-	-	4,403	4,548
Total Deferred Inflows of Resources	\$ 5,973	\$ 6,925	\$ 271	\$ 358	\$ 6,244	\$ 7,283
Net investment in capital assets	\$ 115,059	\$ 115,739	\$ 36,457	\$ 33,473	\$ 151,516	\$ 149,212
Restricted	2,830	2,541	-	-	2,830	2,541
Unrestricted	16,943	11,016	930	405	17,873	11,421
Total Net Position	\$ 134,832	\$ 129,296	\$ 37,387	\$ 33,878	\$ 172,219	\$ 163,174

\*2016 restated see note 18

The Town's combined net position increased from \$163,336,188 to \$172,219,262. This increase is primarily due to several large capital projects not getting underway in 2017 and the available funds for those projects are being carried into the next year through net position. Unrestricted net position, the portion of net position that can be used to finance the day-to-day operations of the Town totaled \$17,873,136. Net investment in capital assets, represents the amount of capital assets owned by the Town, including infrastructure, net of any outstanding debt. Net position is reported as restricted when constraints on asset use are externally imposed by creditors, grantors, contributors, regulators, or are imposed by law through constitutional provisions. The total amount of restricted net position is \$2,829,791; \$746,818 is restricted for the use of perpetual care in the Cemetery Fund and \$2,082,973 is restricted by law, contract or donor restrictions. Of the unrestricted portion \$4,371,279 has been assigned for specific use.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

## Summary of Changes in Net Position:

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

Summary of Changes in Net Position For the Fiscal Year Ended June 30, 2016 and 2017 (In Thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016*	2017	2016*	2017	2016*
Revenues:						
Program Revenues:						
Charges for services	\$ 3,930	\$ 3,837	\$ 10,312	\$ 8,825	\$ 14,242	\$ 12,662
Operating grants and contributions	4,226	4,266	-	-	4,226	4,266
Capital grants and contributions	3,059	780	973	96	4,032	876
General Revenues:						
Property taxes	4,406	4,065	-	-	4,406	4,065
Local portion of state sales tax	1,892	1,876	-	-	1,892	1,876
Business, Professional & occupational license tax	2,443	2,367	-	-	2,443	2,367
Utility taxes	580	583	-	-	580	583
Franchise taxes	794	788	-	-	794	788
Prepared food and beverage tax	6,929	6,640	-	-	6,929	6,640
Commonwealth share-personal property tax	228	229	-	-	228	229
Cigarette taxes	513	563	-	-	513	563
E-911 & communication taxes	837	902	-	-	837	902
Transient room taxes	1,674	1,547	-	-	1,674	1,547
Other taxes	723	500	-	-	723	500
Interest and investment income	589	482	-	-	589	482
Fines and forfeitures	77	90	-	-	77	90
Miscellaneous	339	520	-	-	339	520
Cemetery	103	30	-	-	103	30
Payments from Other Governmental State and Federal	193	439	-	-	193	439
Total Revenues	\$ 33,535	\$ 30,504	\$ 11,285	\$ 8,921	\$ 44,820	\$ 39,425
Expenses						
General Government	\$ 2,925	\$ 2,865	\$ -	\$ -	\$ 2,925	\$ 2,865
Public Safety	8,515	9,217	-	-	2,925	9,217
Public works	9,465	9,353	-	-	8,515	9,353
Health and Welfare	4	3	-	-	9,465	3
Parks, Recreation and Cultural	4,972	4,713	-	-	4,972	4,713
Community Development	1,480	1,535	-	-	1,480	1,535
Interest and fiscal Charges	246	335	-	-	246	335
Water and Sewer	-	-	7,928	7,479	7,928	7,479
Stormwater	-	-	402	-	402	-
Total Expenses	\$ 27,607	\$ 28,021	\$ 8,330	\$ 7,479	\$ 38,858	\$ 35,500
Change in net position	5,928	2,483	2,955	1,442	8,883	3,925
Net position, beginning	129,296	126,813	33,878	32,436	163,174	159,249
Prior period adjustments	(392)	-	554	-	162	-
Net position, ending	\$ 134,832	\$ 129,296	\$ 37,387	\$ 33,878	\$ 172,219	\$ 163,174

\*2016 restated see note 18

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The property tax classification, which comprises approximately 13% of total revenue generated by governmental activities, includes real estate taxes, the local portion of personal property taxes, machinery and tools taxes, and public service corporation taxes. Real estate tax revenues totaled \$3,233,508.

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 50% of total revenues generated for governmental activities and are the largest source of revenue for the Town.

Charges for services include items such as recreational fees, fines, forfeitures, and garbage collection fees, when combined represent approximately 12% of the governmental activities revenues.

Public Safety expenses comprised approximately 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 34% 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.

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

The net position of business-type activities increased slightly primarily due to the addition of the Stormwater Fund and its related fees.

### FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

For the fiscal year ended June 30, 2017, the General Fund reflects a total fund balance of \$28,480,042. Of this amount, \$23,982,472 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 (84%).

The General Fund balance increased by \$5,096,248 during the fiscal year ending June 30, 2017 primarily due to capital projects not being completed as planned during the year and revenues being slightly higher than expected.

The Special Revenue fund balance increased by \$1,763 from the prior year; this was the net effect of a number of transactions within the special revenue funds. Expenditures were approximately 1 million dollars greater than last year primarily due to the completion of the downtown street scape, completion of another stretch of the huckleberry trail and a new ambulance acquisition this year.

Local taxes generated the majority of General Fund revenue, totaling approximately \$21.9 million in fiscal year ending June 30, 2017.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Intergovernmental revenue is the second largest source of General Fund revenues, generating approximately \$7.3 million in fiscal year ending June 30, 2017. The majority of this revenue is received from the Commonwealth and includes reimbursement for law enforcement funding received under House Bill 599, street maintenance funds from the Virginia Department of Transportation, and communication taxes from the Commonwealth.

### GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues were more than the budgeted revenues by \$1,462,516. This was primarily due to an increase in state funding for street maintenance, slightly higher than expected meals, lodging taxes and business and occupational license fees, and better investments earnings.

General Fund expenditures were less than the budgeted amount by \$2,926,297 for general operations due primarily to several large capital projects and capital vehicles not being completed and purchased within the fiscal year.

### CAPITAL ASSETS

As of June 30, 2017, the Town's capital assets for its governmental and business-type activities amounted to \$170,568,607 (net of accumulated depreciation). This investment includes land, streets and highways, construction in progress, land improvements, buildings and structures, vehicles, equipment, and infrastructure. The total net increase (additions less retirements and depreciation) in the Town's investment in capital assets for the current fiscal year was \$513,967. This increase was primarily from additions to the water and sewage system, ongoing construction projects and other building improvements of \$7,225,720, net of depreciation on older assets.

Capital Assets, Net of Depreciation  
(in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016*	2017	2016*	2017	2016*
Land	\$ 8,149	\$ 8,149	\$ 12	\$ 12	\$ 8,161	\$ 8,161
Construction in progress	3,375	810	456	17	3,831	827
Building and Improvement	24,723	25,756	-	39,517	24,723	65,273
Machinery & Equipment	5,057	5,311	2,052	1,148	7,109	6,459
Infrastructure	86,606	89,334	40,138	-	126,744	89,334
Total	\$ 127,910	\$ 129,360	\$ 42,658	\$ 40,694	\$ 170,568	\$ 170,054

\*2016 restated for creation of Stormwater enterprise fund

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

Major capital asset events during the fiscal year included the following: the downtown street scape project \$1,200,000; vehicle replacements for public safety and public works \$824,300; Huckleberry Trail expansion \$250,820; Park Street drainage ,curbs and sidewalks \$522,000 Intersection and street improvements \$323,701 new ambulance for rescue \$216,070; new back hoe \$150,000; improvements at the waste water treatment plant and sewer pump stations \$257,730; drainage basin improvements \$240,330 storm drain improvements \$1,178,200; public safety tower communication improvements \$217,640 Depot street sidewalks \$84,350; Water supply improvements \$170,465; and various other improvements to buildings, storm drainage and equipment throughout the town.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### LONG-TERM DEBT

At June 30, 2017, the Town's long-term liabilities, not including compensated absences, net OPEB obligation, net pension liability, bond premiums and post closure care costs payable, totaled \$19,360,672; which is comprised of \$13,160,180 related to governmental activities, and \$6,200,492 related to business-type activities. Total debt decreased by \$1,806,420 during the fiscal year. This is due to the annual retirement of existing debt of \$1,806,420.

The Charter of the Town of Christiansburg and Code of Virginia limits the Town's net debt to 10% of the assessed valuation of real estate within the Town limits. This limit applies to governmental activity debt as well as long-term liabilities of business-type funds which were issued as general obligations of the Town, even though those debts are expected to be paid with revenues generated by those activities. The Town's total general obligation debt of \$19,360,672 (excluding premiums) is well below the legal debt limit of \$208,874,251 (see Table 13 of Statistical Section).

Interest and fiscal charges for fiscal year ending June 30, 2017 were \$247,633 of the total governmental activities expenses and \$203,738 of the enterprise expenses.

For more detailed information about long-term debt refer to Note 5 in the notes to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic outlook during 2017 has improved over the previous 3 years, the growth has been steady but slow with small increases in some of the tax revenue streams. The unemployment rate has decreased slightly from 4.2% to 3.7% as of June 2017. The unemployment rate for the Commonwealth of Virginia is at 3.7% as of June 2017 as compared to the U.S. overall rate of 4.9%.

One indicator of the state of the economy is the sales tax revenue, which is directly related proportionally to the retail sales. Retail sales increased 4% over the prior year throughout the County. The Town's distribution of sales tax increased by 4% over prior years due in part to overall increase in sales tax collections and a slight reduction in the percentage of our distributive share of the sales tax collections as that distribution is based on school-age population. The Town's proportional school-age population decreased by only .05%, resulting in a net increase of 4% of the Town's distributive share. Overall, the economic indicator is that retail sales are improving indicating some economic stability going forward.

In addition to sales tax, the tax imposed by the Town on meals and lodging have increased over prerecession levels even when factoring out the increases in the rates charged. Both meals and lodging taxes increased over 2016 levels. Lodging tax increased by 8% and meals tax increased by 4%.

In the fiscal year ending, June 30, 2017, we saw a 49% increase in building permits within the Town which is indicative of an increase in the construction industry and construction activities within the Town by developers. In 2016 permit levels increased by 99% indicating that projects in development over the past couple of years are now moving forward and the real estate market is beginning to rebound. In 2017 we saw a 49% increase in permits over the 2016 levels.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

These signals seem to indicate the economy in our area is stabilizing with small growth in the retail and real estate markets. The Town also has concerns with future intergovernmental revenues from both federal and state sources, declining as a result of State and Federal budget constraints, particularly as it relates to street maintenance funds and law enforcement funds.

The 2017-2018 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. In fiscal year 2016 the Water Authority determined that the plant would need to be replaced and to borrow funds to do the plant improvements. The Water Authority was then required to increase its rates to the localities it serves. The Town embarked on an extensive water and sewer rate study for the town given these rate increases by the Authority and the need to begin major improvements in the infrastructure of the Towns waste water treatment services as well as water pumping stations. The new rates are a significant change from prior years and are detailed in Table 10. Other than the change in water and sewer rates we have anticipated only moderate increase in revenues due to slow growth demonstrated in the economy and hence conservative estimates of revenues in this budget cycle.

### CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional information should be directed to the Town Manager or the Director of Finance at 100 East Main Street, Christiansburg, Virginia 24073, telephone (540) 382-9519. The Town's website address is [www.christiansburg.org](http://www.christiansburg.org).

## Basic Financial Statements

Town of Christiansburg, Virginia  
Statement of Net Position  
June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 30,221,334	\$ -	\$ 30,221,334
Cash and cash equivalents - restricted	2,812,852	-	2,812,852
Investments	1,262,341	-	1,262,341
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,590,819	-	4,590,819
Accounts receivable	1,244,082	902,412	2,146,494
Internal balances	(2,788,852)	2,788,852	-
Due from other governmental units	2,137,344	93,212	2,230,556
Prepaid items	128,851	-	128,851
Capital assets not being depreciated:			
Land	8,148,837	12,500	8,161,337
Construction in progress	3,374,818	455,912	3,830,730
Capital assets, net of accumulated depreciation:			
Buildings and improvements	24,723,163	-	24,723,163
Machinery, equipment, and vehicles	5,056,799	2,051,873	7,108,672
Infrastructure	86,606,798	40,137,907	126,744,705
Total assets	<u>\$ 167,519,186</u>	<u>\$ 46,442,668</u>	<u>\$ 213,961,854</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges on refunding	\$ 308,400	\$ -	\$ 308,400
Pension contributions subsequent to measurement date	991,247	184,118	1,175,365
Items related to measurement of net pension liability	709,589	152,901	862,490
Total deferred outflows of resources	<u>\$ 2,009,236</u>	<u>\$ 337,019</u>	<u>\$ 2,346,255</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 3,448,312	\$ 576,208	\$ 4,024,520
Customers' deposits	-	403,669	403,669
Accrued interest payable	77,966	67,641	145,607
Unearned revenues	226,601	-	226,601
Noncurrent liabilities:			
Due within one year	1,048,812	1,095,132	2,143,944
Due in more than one year	23,921,312	6,977,725	30,899,037
Total liabilities	<u>\$ 28,723,003</u>	<u>\$ 9,120,375</u>	<u>\$ 37,843,378</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	\$ 4,395,538	\$ -	\$ 4,395,538
Deferred revenue - prepaid taxes	8,200	-	8,200
Items related to measurement of net pension liability	1,570,125	271,606	1,841,731
Total deferred inflows of resources	<u>\$ 5,973,863</u>	<u>\$ 271,606</u>	<u>\$ 6,245,469</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 115,058,635	\$ 36,457,700	\$ 151,516,335
Permanently Restricted:			
Cemetery	648,463	-	648,463
Temporarily Restricted:			
Cemetery	98,355	-	98,355
Volunteer Fire Department	819,779	-	819,779
Lifesaving and Rescue	1,094,853	-	1,094,853
Police Department Grants	164,775	-	164,775
Recreation and Streets Grants	3,566	-	3,566
Unrestricted (deficit)	16,943,130	930,006	17,873,136
Total net position	<u>\$ 134,831,556</u>	<u>\$ 37,387,706</u>	<u>\$ 172,219,262</u>

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

Town of Christiansburg, Virginia  
Statement of Activities  
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government administration	\$ 2,924,666	\$ -	\$ -	\$ -	\$ (2,924,666)		\$ (2,924,666)
Public safety	8,514,939	1,215,412	835,158	-	(6,464,369)		(6,464,369)
Public works	9,465,078	1,535,759	3,390,667	3,058,837	(1,479,815)		(1,479,815)
Health and welfare	3,882	-	-	-	(3,882)		(3,882)
Parks, recreation, and cultural	4,971,901	1,176,089	-	-	(3,795,812)		(3,795,812)
Community development	1,480,200	2,605	-	-	(1,477,595)		(1,477,595)
Interest on long-term debt	247,633	-	-	-	(247,633)		(247,633)
Total governmental activities	\$ 27,608,299	\$ 3,929,865	\$ 4,225,825	\$ 3,058,837	\$ (16,393,772)		\$ (16,393,772)
Business-type activities:							
Water and Sewer	\$ 7,927,511	\$ 8,913,642	\$ -	\$ 483,510		\$ 1,469,641	\$ 1,469,641
Stormwater	401,448	1,397,976	-	489,808		1,486,336	1,486,336
Total business-type activities	\$ 8,328,959	\$ 10,311,618	\$ -	\$ 973,318	\$ -	\$ 2,955,977	\$ 2,955,977
Total	\$ 35,937,258	\$ 14,241,483	\$ 4,225,825	\$ 4,032,155	\$ (16,393,772)	\$ 2,955,977	\$ (13,437,795)
General revenues:							
General property taxes					\$ 4,405,924	\$ -	\$ 4,405,924
Other local taxes:							
Local sales and use tax					1,891,739	-	1,891,739
Business license taxes					2,443,328	-	2,443,328
Restaurant food taxes					6,928,924	-	6,928,924
Other local taxes					4,282,844	-	4,282,844
Unrestricted revenues from use of money and property					589,714	-	589,714
Miscellaneous					520,429	-	520,429
Grants and contributions not restricted to specific programs					1,257,967	-	1,257,967
Total general revenues					\$ 22,320,869	\$ -	\$ 22,320,869
Change in net position					\$ 5,927,097	\$ 2,955,977	\$ 8,883,074
Net position - beginning, as restated					128,904,459	34,431,729	163,336,188
Net position - ending					\$ 134,831,556	\$ 37,387,706	\$ 172,219,262

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

Town of Christiansburg, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2017

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 30,221,334	\$ -	\$ 30,221,334
Cash and cash equivalents - restricted	-	2,812,852	2,812,852
Investments	1,262,341	-	1,262,341
Receivables (net of allowance for uncollectibles):			
Taxes receivable	4,590,819	-	4,590,819
Accounts receivable	1,091,896	152,186	1,244,082
Due from other funds	-	70,935	70,935
Due from other governmental units	467,989	1,669,355	2,137,344
Prepaid items	126,291	2,560	128,851
Total assets	<u>\$ 37,760,670</u>	<u>\$ 4,707,888</u>	<u>\$ 42,468,558</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 3,237,483	\$ 210,829	\$ 3,448,312
Due to other funds	1,457,381	1,402,406	2,859,787
Unearned revenue	745	225,856	226,601
Total liabilities	<u>\$ 4,695,609</u>	<u>\$ 1,839,091</u>	<u>\$ 6,534,700</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 4,576,819	\$ -	\$ 4,576,819
Unavailable revenue - EMS billings	-	39,006	39,006
Unearned revenue - prepaid taxes	8,200	-	8,200
Total deferred inflows of resources	<u>\$ 4,585,019</u>	<u>\$ 39,006</u>	<u>\$ 4,624,025</u>
<b>FUND BALANCES</b>			
Nonspendable	\$ 126,291	\$ 648,463	\$ 774,754
Restricted	-	2,181,328	2,181,328
Assigned	4,371,279	-	4,371,279
Unassigned	23,982,472	-	23,982,472
Total fund balances	<u>\$ 28,480,042</u>	<u>\$ 2,829,791</u>	<u>\$ 31,309,833</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,760,670</u>	<u>\$ 4,707,888</u>	<u>\$ 42,468,558</u>

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

Town of Christiansburg, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2017

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds \$ 31,309,833

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 8,148,837	
Buildings and system	24,723,163	
Machinery and equipment	5,056,799	
Infrastructure	86,606,798	
Construction in progress	3,374,818	127,910,415

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Deferred revenue-property taxes	\$ 181,281	
Deferred revenue-EMS billings	39,006	
Deferred inflows related to measurement of net pension liability	(1,570,125)	(1,349,838)

Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds. 991,247

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	\$ (13,160,180)	
Net pension liability	(8,422,807)	
Deferred loss on refunding	308,400	
Deferred outflows related to measurement of net pension liability	709,589	
Landfill liability	(195,575)	
Accrued interest payable	(77,966)	
Net OPEB obligation	(827,421)	
Compensated absences	(2,364,141)	(24,030,101)

Net position of governmental activities \$ 134,831,556

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

Town of Christiansburg, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017

	General Fund	Other Governmental Funds	Total
<b>REVENUES</b>			
General property taxes	\$ 4,376,741	\$ -	\$ 4,376,741
Other local taxes	15,546,835	-	15,546,835
Permits, privilege fees, and regulatory licenses	338,511	-	338,511
Fines and forfeitures	76,994	-	76,994
Revenue from the use of money and property	558,788	30,926	589,714
Charges for services	2,619,975	855,379	3,475,354
Miscellaneous	241,110	279,319	520,429
Intergovernmental	5,132,682	3,409,947	8,542,629
Total revenues	<u>\$ 28,891,636</u>	<u>\$ 4,575,571</u>	<u>\$ 33,467,207</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 2,957,429	\$ -	\$ 2,957,429
Public safety	7,998,097	1,231,397	9,229,494
Public works	5,082,753	1,562,606	6,645,359
Health and welfare	3,882	-	3,882
Parks, recreation, and cultural	4,000,330	471,609	4,471,939
Community development	1,451,493	-	1,451,493
Capital projects	-	2,408,073	2,408,073
Debt service:			
Principal	785,580	-	785,580
Interest and other fiscal charges	235,783	-	235,783
Total expenditures	<u>\$ 22,515,347</u>	<u>\$ 5,673,685</u>	<u>\$ 28,189,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,376,289</u>	<u>\$ (1,098,114)</u>	<u>\$ 5,278,175</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ -	\$ 1,450,577	\$ 1,450,577
Transfers out	(1,280,041)	(170,536)	(1,450,577)
Total other financing sources (uses)	<u>\$ (1,280,041)</u>	<u>\$ 1,280,041</u>	<u>\$ -</u>
Net change in fund balances	\$ 5,096,248	\$ 181,927	\$ 5,278,175
Fund balances - beginning, as restated	23,383,794	2,647,864	26,031,658
Fund balances - ending	<u>\$ 28,480,042</u>	<u>\$ 2,829,791</u>	<u>\$ 31,309,833</u>

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

Town of Christiansburg, Virginia  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$ 5,278,175
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 4,031,270	
Depreciation expense	<u>(4,464,525)</u>	(433,255)

The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net assets.	(357,604)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in unavailable revenue - property taxes	\$ 29,183	
Increase (decrease) in unavailable revenue - EMS billings	39,006	
(Increase) decrease in deferred inflows of resources related to the net pension liability	<u>764,059</u>	832,248

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments:	
General obligation bonds	\$ 785,580

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Increase (decrease) in deferred outflows related to the net pension liability	\$ 226,500	
Increase (decrease) in pension contributions subsequent to measurement date	259,286	
(Increase) decrease in net pension liability/asset	(852,614)	
(Increase) decrease in compensated absences	287,251	
(Increase) decrease in landfill closure liability	(2,510)	
(Increase) decrease in accrued interest payable	3,557	
(Increase) decrease in net OPEB obligation	(84,110)	
Amortization of deferred charge on refunding	(21,154)	
Amortization of bond premium	<u>5,747</u>	<u>\$ (178,047)</u>

Change in net position of governmental activities	<u>\$ 5,927,097</u>
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The notes to the financial statements are an integral part of this statement.

Town of Christiansburg, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2017

	Enterprise Funds		
	Water and Sewer Fund	Stormwater Fund	Total
<b>ASSETS</b>			
Current assets:			
Accounts receivable, net of allowance for uncollectibles	\$ 776,758	\$ 125,654	\$ 902,412
Due from other funds	2,816,556	-	2,816,556
Due from other governmental units	-	93,212	93,212
Total current assets	\$ 3,593,314	\$ 218,866	\$ 3,812,180
Noncurrent assets:			
Capital assets:			
Land	\$ 12,500	\$ -	\$ 12,500
Construction in progress	427,937	27,975	455,912
Machinery and equipment	1,609,348	442,525	2,051,873
Water system	12,600,720	-	12,600,720
Waste water system	10,062,777	-	10,062,777
Waste water treatment plant	15,929,784	-	15,929,784
Stormwater system	-	1,544,626	1,544,626
Total capital assets	\$ 40,643,066	\$ 2,015,126	\$ 42,658,192
Total noncurrent assets	\$ 40,643,066	\$ 2,015,126	\$ 42,658,192
Total assets	\$ 44,236,380	\$ 2,233,992	\$ 46,470,372
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension contributions subsequent to measurement date	\$ 170,545	\$ 13,573	\$ 184,118
Items related to measurement of net pension liability	125,083	27,818	152,901
Total deferred outflows of resources	\$ 295,628	\$ 41,391	\$ 337,019
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 94,099	\$ 8,494	\$ 102,593
Customers' deposits	403,669	-	403,669
Accrued interest payable	67,641	-	67,641
Due to Water Authority	473,615	-	473,615
Due to other funds	-	27,704	27,704
Compensated absences - current portion	37,819	1,204	39,023
Bonds payable - current portion	1,056,109	-	1,056,109
Total current liabilities	\$ 2,132,952	\$ 37,402	\$ 2,170,354
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 340,374	\$ 10,832	\$ 351,206
Bonds payable - net of current portion	5,144,383	-	5,144,383
Net pension liability	1,324,469	157,667	1,482,136
Total noncurrent liabilities	\$ 6,809,226	\$ 168,499	\$ 6,977,725
Total liabilities	\$ 8,942,178	\$ 205,901	\$ 9,148,079
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Items related to measurement of net pension liability	\$ 242,529	\$ 29,077	\$ 271,606
<b>NET POSITION</b>			
Net investment in capital assets	\$ 34,442,574	\$ 2,015,126	\$ 36,457,700
Unrestricted	904,727	25,279	930,006
Total net position	\$ 35,347,301	\$ 2,040,405	\$ 37,387,706

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

Town of Christiansburg, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer Fund	Stormwater Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Water and sewer service fees	\$ 7,588,435	\$ -	\$ 7,588,435
Water and wastewater connection fees	1,147,510	-	1,147,510
Stormwater fees	-	1,397,976	1,397,976
Penalties and other	177,697	-	177,697
Total operating revenues	<u>\$ 8,913,642</u>	<u>\$ 1,397,976</u>	<u>\$ 10,311,618</u>
<b>OPERATING EXPENSES</b>			
Salaries and wages	\$ 1,637,894	167,432	\$ 1,805,326
Employee benefits	536,071	25,831	561,902
Purchase of water	1,950,183	-	1,950,183
Utilities	513,363	-	513,363
Maintenance and repairs	195,282	-	195,282
Depreciation	1,911,711	34,143	1,945,854
Materials and supplies	479,715	73,338	553,053
General and administrative	307,091	21,365	328,456
Professional services	192,463	79,339	271,802
Total operating expenses	<u>\$ 7,723,773</u>	<u>\$ 401,448</u>	<u>\$ 8,125,221</u>
Operating income (loss)	<u>\$ 1,189,869</u>	<u>\$ 996,528</u>	<u>\$ 2,186,397</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest expense	\$ (203,738)	\$ -	\$ (203,738)
Total nonoperating revenues (expenses)	<u>\$ (203,738)</u>	<u>\$ -</u>	<u>\$ (203,738)</u>
Income (loss) before contributions and grants	\$ 986,131	\$ 996,528	\$ 1,982,659
Capital contributions and construction grants	483,510	489,808	973,318
Change in net position	<u>\$ 1,469,641</u>	<u>\$ 1,486,336</u>	<u>\$ 2,955,977</u>
Net position - beginning, as restated	33,877,660	554,069	34,431,729
Net position - ending	<u>\$ 35,347,301</u>	<u>\$ 2,040,405</u>	<u>\$ 37,387,706</u>

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

Town of Christiansburg, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2017

	Enterprise Funds		
	Water and Sewer Fund	Stormwater Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 9,024,619	\$ 1,272,322	\$ 10,296,941
Payments to and for employees	(2,180,647)	(197,140)	(2,377,787)
Payments for goods and services	(3,736,470)	(165,548)	(3,902,018)
Net cash provided by (used for) operating activities	\$ 3,107,502	\$ 909,634	\$ 4,017,136
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund borrowings	\$ (495,916)	\$ 27,704	\$ (468,212)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to capital assets	\$ (1,377,006)	\$ (1,333,934)	\$ (2,710,940)
Principal payments on bonds	(1,020,840)	-	(1,020,840)
Contributions in aid of construction	-	396,596	396,596
Interest payments	(213,740)	-	(213,740)
Net cash provided by (used for) capital and related financing activities	\$ (2,611,586)	\$ (937,338)	\$ (3,548,924)
Net increase (decrease) in cash and cash equivalents	\$ -	\$ -	\$ -
Cash and cash equivalents - June 30, 2016	-	-	-
Cash and cash equivalents - June 30, 2017	\$ -	\$ -	\$ -
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 1,189,869	\$ 996,528	\$ 2,186,397
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 1,911,711	\$ 34,143	\$ 1,945,854
(Increase) decrease in accounts receivable	94,444	(125,654)	(31,210)
(Increase) decrease in prepaid items	4,110	-	4,110
(Increase) decrease in deferred outflows of resources related to pension	(66,275)	(18,162)	(84,437)
Increase (decrease) in customers' deposits	16,533	-	16,533
Increase (decrease) in accounts payable and accrued liabilities	(125,129)	8,494	(116,635)
Increase (decrease) in due to Water Authority	22,646	-	22,646
Increase (decrease) in compensated absences	28,321	12,036	40,357
Increase (decrease) in net pension liability	146,601	16,163	162,764
Increase (decrease) in deferred inflows of resources related to pension	(115,329)	(13,914)	(129,243)
Total adjustments	\$ 1,917,633	\$ (86,894)	\$ 1,830,739
Net cash provided by (used for) operating activities	\$ 3,107,502	\$ 909,634	\$ 4,017,136
<b>Noncash investing, capital, and financing activities:</b>			
Contributions of infrastructure by developers	\$ 483,510	\$ -	\$ 483,510

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

TOWN OF CHRISTIANSBURG, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2017

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Note 1-Summary of Significant Accounting Policies:

The financial statements of the Town conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Financial reporting entity:

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

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

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

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

The following entities are excluded from the accompanying financial statements:

Jointly Governed Organizations:

*NRV Regional Water Authority*

The NRV Regional Water Authority was created by a concurrent resolution of the Town and other participating governing bodies. The Authority operates and maintains a water supply system for the Town, Virginia Tech, Montgomery County PSA, and the Town of Blacksburg. Each governing body appoints one member of the five-member Board of Directors, one from each member jurisdiction and one at-large member. All indebtedness is payable solely from the revenues of the water system. Although the Town is one of the Authority's customers, the Town has no obligation for any of its indebtedness. During fiscal year 2017, the Town paid \$1,950,183 to the Water Authority and has a fiscal year end liability of \$473,615 for purchases of water.

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

A. Financial reporting entity: (Continued)

Jointly Governed Organizations: (Continued)

*Montgomery Regional Solid Waste Authority*

The Town is a member of the Montgomery Regional Solid Waste Authority (MRSWA), which was created by a joint resolution on December 14, 1994 by the Town of Blacksburg, Virginia, the Town of Christiansburg, Virginia, Montgomery County, Virginia, and Virginia Tech. The Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Authority, which began operation in August 1995, operates a sanitary landfill and recycling facility. Each jurisdiction provides collection of solid waste and recyclables from within its jurisdiction and delivers the collected materials to the Authority for disposal of waste in the landfill, and processing and marketing of the recyclables. All Authority operations are financed by tipping fees and the individual jurisdictions are not liable for the debt of the Authority. The MRSWA has negotiated with an adjacent Authority (New River Resource Authority) for shared use of a permitted landfill. The Town paid \$450,516 in tipping fees during fiscal year 2017.

*Virginia Tech-Montgomery Regional Airport Authority*

The Virginia Tech-Montgomery Regional Airport Authority (the "Airport Authority") was created by concurrent resolutions of the governing bodies of the Town of Blacksburg, Virginia, Town of Christiansburg, Virginia, Montgomery County, Virginia, and Virginia Tech. The Airport Authority is governed by a five-member board whereby the governing body of each member jurisdiction appoints one board member, and all jurisdictions jointly appoint a fifth member. The Airport Authority utilizes revenues generated by the airport and contributions by the members to fund all airport activities. The Airport Authority has bonded indebtedness. All indebtedness of the Airport Authority is payable solely from its revenues and is not an obligation of the Town. During fiscal year 2017, the Town paid \$50,000 toward operations of the Airport Authority.

*New River Valley Airport Commission*

The New River Valley Airport Commission (the "Airport Commission") was created by concurrent resolutions of the governing bodies of the Towns of Christiansburg, Dublin, Pulaski, the City of Radford, and the Counties of Giles, Montgomery, and Pulaski. The Airport Commission is governed by a board whereby the governing body of each member jurisdiction appoints one board member. The Airport Commission utilizes revenues generated by the airport and contributions by the members to fund all airport activities. The Airport Authority has bonded indebtedness. All indebtedness of the Airport Authority is payable solely from its revenues and is not an obligation of the Town. The Town paid \$18,270 in contribution to the fiscal year 2017 operations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

A. Financial reporting entity: (Continued)

Jointly Governed Organizations: (Continued)

*Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization*

The Town is a member of the Blacksburg/Christiansburg/Montgomery Area Metropolitan Planning Organization. The Metropolitan Planning Organization (MPO) is a transportation policy-making organization serving the Blacksburg, Christiansburg, and Montgomery areas. The MPO provides the information, tools, and public input necessary to improve the performance of the transportation system of the region. Future transportation needs are addressed, giving consideration to all possible strategies and the community's vision. The Town has three members within this organization, two of which are voting members. During fiscal year 2017, the Town paid \$6,000 toward operations of the MPO.

*Montgomery Regional Tourism Board*

The Town is a member of the Montgomery Regional Tourism Board ("MRTB"). The MRTB functions as a joint tourism agency that serves the County of Montgomery and the Towns of Blacksburg and Christiansburg to promote tourism in the region. The Town has one member on the Board of this organization. Funding for tourism expenditures are based on the amount of funding received from hotel occupancy taxes. The Town pays 1% of the 9% transient lodging tax rate collections for the fiscal year to the MRTB, less 15% of this amount for the Town's own tourism efforts. During fiscal year 2017, the Town paid \$158,043 to the MRTB.

*New River Valley Emergency Communications Regional Authority*

The Town is a member of the New River Valley Emergency Communications Regional Authority (the "Communications Authority"). The Communications Authority is a regional partnership, serving the County of Montgomery, the Towns of Blacksburg and Christiansburg, and Virginia Tech. The Communications Authority provides quality and reliable 911 dispatch and emergency communication services to the community and agencies in these localities. The Town has one member on the Board of this organization. During fiscal year 2017, the Town paid \$779,100 toward operations of the Authority.

B. Government-wide financial statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

B. Government-wide financial statements: (Continued)

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense, the cost of "using up" capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

C. Budgetary basis of accounting

The following procedures are used by the Town in establishing the budgetary data reflected in the financial statements:

1. The Town Manager, in coordination with the Finance Director and the Finance Committee, prepares the budget and the Finance Committee presents it to the Town Council.
2. Legal notice of the public hearing is published in the newspaper at least 10 days prior to the hearing. Notice contains information as to date, place, and time, and solicits citizen attendance or written comments at the hearing with a synopsis of the budget.
3. The public hearing is held at least seven days (State Code 15.1-162 as amended) prior to approval of the budget.
4. Budget is approved at least seven days after public hearing, and no later than the beginning of the new fiscal year. Council sets tax rates for real estate and personal property.
5. The Town Council budget appropriations place legal restrictions on expenditures at the fund level. Only the Town Council can revise the appropriation for each fund. The Director of Finance is authorized to transfer budgeted amounts between line items and departments within the general fund upon request and justification from management; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council. The legal level of budgetary control has been established at the individual fund level except within the special revenue fund where the legal level of compliance is at the functional/program level.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

C. Budgetary basis of accounting (Continued)

6. Notice of budget adoption and availability for viewing of adopted budget is published in a local newspaper one time, within thirty (30) days of adoption.
7. The budgetary basis for all funds is in accordance with the modified accrual basis of accounting.
8. Appropriations lapse on June 30 for all Town units.

For the year ended June 30, 2017, no funds had expenditures in excess of their appropriations. In addition, at year end no funds had deficit fund equity.

D. Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the government receives cash.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

D. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

The Town reports the following major governmental funds:

The *general fund* is the primary operating fund of the Town. The fund is used to account for and report for all financial resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income.

The *permanent fund* is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The Town's permanent fund is used to account for the operations of the cemetery (perpetual care fund) and related interest income. The earnings can be used to maintain the community cemetery. On April 1, 2008 the Town took over control of the cemetery from the Cemetery Corporation. The Town funds a portion of the operational costs of the cemetery each year. For the year ended June 30, 2017, the operational and capital support totaled \$291,288.

*Special revenue funds* account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Town reports operating grants from the State, Federal and County Government for fire and rescue operations as well as donations to be used for specific purposes as special revenue funds. For the year ended June 30, 2017, the support from the General Fund totaled \$139,208.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital assets. Revenues for this fund are obtained from federal and state highway funds and transfers from the General Fund. The Town funds a portion of the capital support of the fund each year. For the year ended June 30, 2017, capital support from the General Fund totaled \$849,545.

The Town reports the following major proprietary fund:

The Town operates a water and sewer system and a stormwater system. The activities of these systems, including the acquisition, operation, and maintenance of governmental facilities and services that are supported by user charges, are accounted for in the water and sewer fund and stormwater fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the Town's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

D. Measurement focus, basis of accounting, and financial statement presentation: (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

1. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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").

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools under GASB 79 are measured at amortized cost. All other investments are reported at fair value.

2. Property Taxes

Property is assessed at 100% of its fair market value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on December 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. The Town bills and collects its own property taxes.

3. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$117,558 for the General Fund, \$152,186 for the Lifesaving and Rescue Fund, and \$154,823 for the Enterprise Fund at June 30, 2017. The allowance consists of unpaid taxes in the amount of \$72,352, unpaid garbage bills of \$45,206, ambulance services of \$152,186, unpaid water/sewer bills of \$152,708, and unpaid stormwater fees of \$2,115.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

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

4. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Prepaid items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's life is not capitalized.

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

Property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	15
Buildings	25-50
Building improvements	25-50
Utility plant and equipment	15-40
Machinery, equipment, and vehicles	5-20
Infrastructure	15-40

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

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

7. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused compensated absences. For government-wide reporting, a liability is recorded for compensated absences when services are rendered and employees have earned the right to receive compensation for such services.

*Town employees hired before December 31, 2013 earn vacation and sick leave as follows:*

Vacation:

- Twelve days per year for less than five full years of service
- Fifteen days per year for more than five but less than ten full years of service
- Eighteen days per year for ten full years or more of service

Sick leave:

- One and one-fourth days per month with unlimited accrual

Accumulated vacation leave is paid upon termination with a maximum accumulation of 32 days. All sick leave is forfeited upon termination unless termination is deemed a retirement in accordance with VRS. After five years of employment and retirement from the Town, the employee may receive full or partial payout of their sick leave, subject to limitations.

*Town employees hired after January 1, 2014 earn paid time off (PTO) as follows:*

Vacation:

- Eighteen days per year for less than five full years of service
- Twenty-One days per year for more than four but less than ten full years of service
- Twenty-Four days per year for more than ten but less than fifteen full years of service
- Twenty-Seven days per year for more than fifteen but less than twenty full years of service
- Thirty days per year for twenty full years or more of service

Employees hired after January 1, 2014 do not earn sick leave as it is incorporated in the PTO policy.

*For employees hired after January 1, 2014 accumulated PTO is paid upon termination as follows:*

- Maximum of zero days for less than one full year of service
- Maximum of fifteen days for more than one year but less than ten full years of service
- Maximum of thirty days for more than ten years but less than twenty full years of service
- Maximum of forty-five days for more than twenty full years of service

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

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

8. Pensions

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

10. Fund Equity

The Town reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

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

10. Fund Equity (Continued)

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance / resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The Town Council has approved a fund balance policy with fund balance goals. Council seeks to maintain an unassigned fund balance of between 35-40% of all expenditures in the preceding year. Expenditures shall include operating expenditures (excluding capital) of the General Fund, Cemetery Fund, and Water and Sewer Fund. If the unassigned fund balance is less than 30% a plan shall be developed to restore the reserves in an acceptable manner.

11. Restricted Assets

The Town has \$2,812,852 in restricted cash that is restricted by grants or donors and held in the Town's special revenue funds.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension liability. These include the net difference between projected and actual earnings on pension plan investments, changes in proportionate share. It is also comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as an increase/reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note 6.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

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

12. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected taxes due prior to June 30, amounts due subsequent to June 30, and amounts prepaid and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid are reported as deferred inflows of resources. In addition, the differences between expected and actual experience and changes in proportionate share related to the measurement of the net pension asset/liability are reported as deferred inflows of resources. For more detailed information on these items, reference the pension note 6.

13. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

14. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Note 2-Deposits and Investments:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

**Note 2-Deposits and Investments: (Continued)**

**Investments:** Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town’s investments at June 30, 2017 were held in the Town’s name by the Town’s custodial bank.

**Credit Risk of Debt Securities:** The Town has not adopted an investment policy for credit risk. The Town’s rated debt investments as of June 30, 2017 were rated by Standard and Poor’s and/or an equivalent national rating organization and the ratings are presented below using the Standard and Poor’s rating scale.

Town's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
VML/VACO Virginia Investment Pool	\$ 1,262,341

**Redemption Restrictions:** The Town is limited to two withdrawals per month.

**Fair Value Measurements:** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the above investments at the net asset value (NAV).

**Note 3-Due from Other Governmental Units:**

The following amounts represent receivables from other governments at year-end:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>County of Montgomery, Virginia:</u>			
Local sales tax	\$ 305,542	\$ -	\$ 305,542
<u>Commonwealth of Virginia:</u>			
Categorical aid	680,510	93,212	773,722
Noncategorical aid	154,737	-	154,737
<u>Federal Government:</u>			
Categorical aid	996,555	-	996,555
Total	<u>\$ 2,137,344</u>	<u>\$ 93,212</u>	<u>\$ 2,230,556</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 4-Interfund Activity:

Interfund transfers for the year ended June 30, 2017, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,280,041
Police Fund	162	-
Recreation and Streets Fund	309,582	170,536
Cemetery Fund	291,288	-
Capital Projects Fund	849,545	-
Total	<u>\$ 1,450,577</u>	<u>\$ 1,450,577</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

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

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 1,457,381	\$ -
Water and Sewer Fund	-	2,816,556
Stormwater Fund	27,704	-
Vol. Fire Dept. Fund	-	24,754
Lifesaving and Rescue Fund	123,581	-
Police Fund	-	610
Recreation and Streets Fund	716,796	-
Cemetery Fund	-	45,571
Capital Projects Fund	562,029	-
Total	<u>\$ 2,887,491</u>	<u>\$ 2,887,491</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 5-Long-term Obligations:Governmental Activity Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2017:

	As restated, Balance July 1, 2016	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2017
General obligation bonds	\$ 13,945,760	\$ -	\$ (785,580)	\$ 13,160,180
Plus: Bond premium	5,747	-	(5,747)	-
Net OPEB obligation (Note 9)	743,311	137,982	(53,872)	827,421
Compensated absences	2,651,392	-	(287,251)	2,364,141
Landfill closure/postclosure liability	193,065	2,510	-	195,575
Net pension liability (Note 6)	7,570,193	3,452,269	(2,599,655)	8,422,807
Total	\$ 25,109,468	\$ 3,592,761	\$ (3,732,105)	\$ 24,970,124

For governmental activities, the above long-term obligations are generally liquidated in the General Fund.

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2018	\$ 792,840	\$ 227,964
2019	807,980	211,825
2020	822,340	196,855
2021	835,700	181,618
2022	848,060	166,132
2023-2027	8,672,620	292,752
2028-2030	380,640	11,052
Totals	\$ 13,160,180	\$ 1,288,198

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

Note 5-Long-term Obligations: (Continued)Governmental Activity Obligations: (Continued)

Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$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 5%.	\$ 90,000	\$ 90,000
\$9,999,900 general obligation refunding bond issued July 23, 2013, maturing annually with principal and interest payable semi-annually through August 1, 2034; interest rate is fixed at 1.62%.	9,021,600	433,900
\$4,770,000 general obligation bond issued June 26, 2014, maturing annually with principal and interest payable semi-annually through August 1, 2029; interest rate is fixed at 2.65%. 22% of this bond will be paid out of the general fund with the remainder to be paid out of the water and sewer fund.	932,580	60,940
\$2,014,000 general obligation bond issued September 1, 2015, maturing annually with principal and interest payable semi-annually through August 1, 2025; interest rate is fixed at 2.10%.	1,831,000	187,000
\$1,315,000 general obligation refunding bond issued June 23, 2016, maturing annually with principal and interest payable semi-annually through August 1, 2027; interest rate is fixed at 1.78%.	1,285,000	21,000
Total General Obligation Bonds	<u>\$ 13,160,180</u>	<u>\$ 792,840</u>
<u>Other Obligations:</u>		
Landfill closure/postclosure liability	\$ 195,575	\$ 19,558
Net OPEB Obligation	827,421	-
Net pension liability	8,422,807	-
Compensated absences	2,364,141	236,414
Total Other Obligations	<u>\$ 11,809,944</u>	<u>\$ 255,972</u>
Total Long-term Obligations	<u>\$ 24,970,124</u>	<u>\$ 1,048,812</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 5-Long-term Obligations: (Continued)Business-type Activity Obligations:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2017:

	As Restated, Balance July 1, 2016	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2017
General obligation bond	\$ 7,221,332	\$ -	\$ (1,020,840)	\$ 6,200,492
Compensated absences	349,872	75,344	(34,987)	390,229
Net pension liability	1,319,372	618,311	(455,547)	1,482,136
Total	<u>\$ 8,890,576</u>	<u>\$ 693,655</u>	<u>\$ (1,511,374)</u>	<u>\$ 8,072,857</u>

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

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

Year Ending June 30,	General Obligation Bond	
	Principal	Interest
2018	\$ 1,056,109	\$ 213,740
2019	882,580	179,066
2020	912,159	145,115
2021	942,563	115,823
2022	240,240	85,542
2023-2027	1,299,480	236,826
2028-2030	867,361	61,503
Totals	<u>\$ 6,200,492</u>	<u>\$ 1,037,615</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 5-Long-term Obligations: (Continued)Business-type Activity Obligations: (Continued)Details of long-term obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>General Obligation Bonds:</u>		
\$10,311,000 general obligation bond bearing interest at 3.50%, issued April 14, 1999, payable in semi-annual installments of \$363,608 beginning March 1, 2002 with final payment on March 1, 2021.	\$ 2,692,539	\$ 638,516
\$2,800,000 general obligation bond bearing interest at 3.70%, issued June 4, 1998, payable in semi-annual installments of \$103,572 beginning December 1, 1998 with final payment on June 1, 2018.	201,533	201,533
\$4,770,000 general obligation bond bearing interest at 2.65%, issued June 26, 2014, payable in annual principal installments and semi-annual interest installments through August 2, 2019. 78% of this bond will be paid out of the water and sewer fund with the remainder paid out of the general fund.	3,306,420	216,060
Total General Obligation Bonds	\$ 6,200,492	\$ 1,056,109
<u>Other Obligations:</u>		
Net pension liability	\$ 1,482,136	\$ -
Compensated absences	390,229	39,023
Total Other Obligations	\$ 1,872,365	\$ 39,023
Total Long-term Obligations	\$ 8,072,857	\$ 1,095,132

Arbitrage Rebate Compliance:

As of June 30, 2017 and for the year then ended, the Town was not liable for any amounts due under current rules governing arbitrage earnings.

Debt Purpose:

All of the bonds issued in either the governmental activities or business-type activities as listed above were issued for capital projects, land purchases, or refunding bonds previously issued for capital projects.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

**Note 6-Pension Plan:***Plan Description*

All full-time, salaried permanent employees of the Town are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple employer plan administered by a Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> </ul>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	<ul style="list-style-type: none"> <li>In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>Political subdivision employees*</li> <li>Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service</p> <p>Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service</p> <p>Same as Plan 1.</p>	<p>Creditable Service</p> <p><u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component:</u> (Cont.) Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b> Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>•Hybrid Retirement Plan members are ineligible for ported service.</li> <li>•The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>•Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><u>Defined Contribution Component:</u> Not applicable.</p>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

*Employees Covered by Benefit Terms*

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	109
Inactive members:	
Vested inactive members	28
Non-vested inactive members	73
Inactive members active elsewhere in VRS	<u>54</u>
Total inactive members	155
Active members	<u>235</u>
Total covered employees	<u><u>499</u></u>

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2017 was 11.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 6-Pension Plan: (Continued)

*Contributions (Continued)*

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$1,175,365 and \$1,433,409 for the years ended June 30, 2017 and June 30, 2016, respectively.

*Net Pension Liability*

The Town's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 6-Pension Plan: (Continued)

*Actuarial Assumptions - General Employees (Continued)*

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 6-Pension Plan: (Continued)

*Actuarial Assumptions - Public Safety Employees*

The total pension liability for Public Safety employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 6-Pension Plan: (Continued)

*Actuarial Assumptions - Public Safety Employees (Continued)*

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

Note 6-Pension Plan: (Continued)*Long-term Expected Rate of Return*

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		*Expected arithmetic nominal return	8.33%

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 6-Pension Plan: (Continued)*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability/(Asset)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at June 30, 2015	\$ 40,295,963	\$ 31,406,398	\$ 8,889,565
Changes for the year:			
Service cost	\$ 1,280,862	\$ -	\$ 1,280,862
Interest	2,759,557	-	2,759,557
Differences between expected and actual experience	(513,834)	-	(513,834)
Contributions - employer	-	1,434,651	(1,434,651)
Contributions - employee	-	534,433	(534,433)
Net investment income	-	561,458	(561,458)
Benefit payments, including refunds of employee contributions	(1,747,447)	(1,747,447)	-
Administrative expenses	-	(19,100)	19,100
Other changes	-	(235)	235
Net changes	\$ 1,779,138	\$ 763,760	\$ 1,015,378
Balances at June 30, 2016	\$ 42,075,101	\$ 32,170,158	\$ 9,904,943

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 6-Pension Plan: (Continued)*Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate*

The following presents the net pension liability (asset) of the Town using the discount rate of 7.00%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Town			
Net Pension Liability (Asset)	\$ 16,019,293	\$ 9,904,943	\$ 4,886,785

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

For the year ended June 30, 2017, the Town recognized pension expense of \$728,460. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,826,653
Change in assumptions	-	-
Change in proportionate shares	15,078	15,078
Net difference between projected and actual earnings on pension plan investments	847,412	-
Employer contributions subsequent to the measurement date	1,175,365	-
Total	\$ 2,037,855	\$ 1,841,731

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 6-Pension Plan: (Continued)*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

\$1,175,365 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30

2018	\$	(591,332)
2019		(591,334)
2020		(34,464)
2021		237,889
Thereafter		-

Note 7-Capital Assets:

Capital asset activity for the year ended June 30, 2017 was as follows:

	As Restated, Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 8,148,837	\$ -	\$ -	\$ 8,148,837
Construction in progress	714,672	2,660,146	-	3,374,818
Total capital assets not being depreciated	<u>\$ 8,863,509</u>	<u>\$ 2,660,146</u>	<u>\$ -</u>	<u>\$ 11,523,655</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 32,250,123	\$ 170,702	\$ (352,092)	\$ 32,068,733
Machinery and equipment	13,782,848	1,081,075	(6,650)	14,857,273
Infrastructure	121,594,570	119,347	-	121,713,917
Total capital assets being depreciated	<u>\$ 167,627,541</u>	<u>\$ 1,371,124</u>	<u>\$ (358,742)</u>	<u>\$ 168,639,923</u>
Accumulated depreciation:				
Buildings and improvements	\$ (6,493,911)	\$ (851,659)	\$ -	\$ (7,345,570)
Machinery and equipment	(8,780,140)	(1,021,472)	1,138	(9,800,474)
Infrastructure	(32,515,725)	(2,591,394)	-	(35,107,119)
Total accumulated depreciation	<u>\$ (47,789,776)</u>	<u>\$ (4,464,525)</u>	<u>\$ 1,138</u>	<u>\$ (52,253,163)</u>
Total capital assets being depreciated, net	<u>\$ 119,837,765</u>	<u>\$ (3,093,401)</u>	<u>\$ (357,604)</u>	<u>\$ 116,386,760</u>
Governmental activities capital assets, net	<u>\$ 128,701,274</u>	<u>\$ (433,255)</u>	<u>\$ (357,604)</u>	<u>\$ 127,910,415</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 7-Capital Assets: (Continued)

	As Restated, Beginning Balance	Increase	Decrease	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 12,500	\$ -	\$ -	\$ 12,500
Construction in progress	168,365	1,588,998	(1,301,451)	455,912
Total capital assets not being depreciated	<u>\$ 180,865</u>	<u>\$ 1,588,998</u>	<u>\$ (1,301,451)</u>	<u>\$ 468,412</u>
Capital assets, being depreciated:				
Machinery and equipment	\$ 4,751,318	\$ 788,955	\$ -	\$ 5,540,273
Utility plant and equipment	69,760,801	2,117,948	-	71,878,749
Total capital assets being depreciated	<u>\$ 74,512,119</u>	<u>\$ 2,906,903</u>	<u>\$ -</u>	<u>\$ 77,419,022</u>
Accumulated depreciation:				
Machinery and equipment	\$ (3,294,528)	\$ (193,872)	\$ -	\$ (3,488,400)
Utility plant and equipment	(29,988,860)	(1,751,982)	-	(31,740,842)
Total accumulated depreciation	<u>\$ (33,283,388)</u>	<u>\$ (1,945,854)</u>	<u>\$ -</u>	<u>\$ (35,229,242)</u>
Total capital assets being depreciated, net	<u>\$ 41,228,731</u>	<u>\$ 961,049</u>	<u>\$ -</u>	<u>\$ 42,189,780</u>
Business-type activities capital assets, net	<u><u>\$ 41,409,596</u></u>	<u><u>\$ 2,550,047</u></u>	<u><u>\$ (1,301,451)</u></u>	<u><u>\$ 42,658,192</u></u>

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

Governmental activities:	
General government administration	\$ 132,860
Public safety	503,580
Public works	3,118,374
Parks, recreation, and cultural	<u>709,711</u>
Total depreciation expense - governmental activities	<u>\$ 4,464,525</u>
Business type activities:	
Water and Sewer	\$ 1,911,711
Stormwater	<u>34,143</u>
Total depreciation expense - business-type activities	<u>\$ 1,945,854</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 8-Risk Management:

The Town is exposed to various risks of loss related to the following: torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town employs a variety of risk management techniques, including the purchase of commercial insurance, participation in insurance pools, and self - insurance. The Town risk management programs are as follows:

**Workers' Compensation** - Workers' compensation insurance is provided through the Virginia Municipal Self Insurance Association. During 2016-2017, total premiums paid were \$402,636. Benefits are those afforded through the State of Virginia as outlined in the Code of Virginia Section 65.2-100; premiums are based on covered payroll, job rates, and claims history.

**General Liability and Other** - The Town has general, automobile, property, and public officials' liability insurance through Selective Insurance Company and BB&T. Boiler and machinery coverage and property insurance are covered as per statement of values. Total premiums for 2016-2017 were \$453,620.

**Self-Insurance** - The Town established a limited risk management program for health insurance in fiscal year 2015. Premiums are paid into the health plan fund from the Town and are available to pay claims, and administrative costs of the program. During the fiscal year 2017, a total of \$1,323,431 was paid by the Town in benefits and administrative costs. The risk assumed by the Town is based on the number of participants in the program. The risk varies by the number of participants and their specific plan type (Keycare, Bluecare, etc.). Incurred but not reported claims of \$201,322 have been accrued as a liability based primarily on actual cost incurred prior to June 30 but paid after year-end. Liabilities are determined using a combination of actual claims experience and actuarially determined amounts and include incremental claim adjustment expenses and estimated recoveries. An independent contractor processes claims and the Town records a provision and liability in the government-wide statements and General Fund (current portion only) for an estimate of incurred but not reported claims. The Town has also assigned a portion of fund balance in the General Fund of \$355,275 to mitigate the risk of these claims.

Changes in the claims liability for the current and two prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at End of Fiscal Year</u>
2016-17	\$ 201,322	\$ 1,323,431	\$ (1,323,431)	\$ 201,322
2015-16	151,089	2,332,751	(2,282,518)	201,322
2014-15	-	1,873,876	(1,722,787)	151,089

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 8-Risk Management: (Continued)

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

During the fiscal year ended June 30, 2017 the Town received direct funding from the federal and state government as follows:

Law Enforcement funds	\$ 429,984
Street Maintenance funds	3,390,667
Sales Taxes	1,891,739
Non-Categorical State Aid	1,257,967
Federal and State grants	3,464,011
	<u>\$ 10,434,368</u>

Note 9-Other Postemployment Benefits:

From an accrual accounting perspective, the cost of postemployment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. Town of Christiansburg, Virginia recognizes the cost of postemployment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on Town of Christiansburg, Virginia's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

## A. Plan Description and Funding Policy

Town of Christiansburg, Virginia administers a single-employer retirement service merit plan ("the Plan"). The Plan provides for an employee retiring under VRS 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 benefits are governed by Town Council and can be amended through Council action. The Plan does not issue a publicly available financial report.

At this time, the employee's Town Sponsored Service Merit payment turns to a flat \$100/month. These payments are placed into the Retirement Health Savings for the employee's use toward medical expenses after retirement. These payments are funded on a pay-as-you-go basis.

Town of Christiansburg, Virginia's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution* of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 9-Other Postemployment Benefits: (Continued)**B. Annual OPEB Cost and Net OPEB Obligation**

The following table shows components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 139,451
Interest on net OPEB obligation	26,016
Adjustment to annual required contribution	<u>(27,485)</u>
Annual OPEB cost (expense)	\$ 137,982
Contributions made	<u>(53,872)</u>
Increase in net OPEB obligation	\$ 84,110
Net OPEB obligation - beginning of year	<u>743,311</u>
Net OPEB obligation - end of year	\$ <u>827,421</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2017	\$ 137,982	39.04%	\$ 827,421
6/30/2016	164,291	28.66%	743,311
6/30/2015	161,742	30.46%	626,100

**C. Funded Status and Funding Progress**

The funded status of the Plan for the Town as of June 30, 2017, the date of the most recent actuarial, is as follows:

Actuarial accrued liability (AAL)	\$ 1,789,625
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 1,789,625
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 10,661,914
UAAL as a percentage of covered payroll	16.79%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 9-Other Postemployment Benefits: (Continued)

C. Funded Status and Funding Progress (Continued)

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

D. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2017 most recent actuarial valuation, the projected unit credit (PUC) actuarial cost method was used. Under this method, a PUC accrued benefit is determined for each active member in the plan on the basis of the member's benefit projected to the assumed date of retirement and the member's creditable service at the valuation date. The actuarial liability for retirement benefits is the sum of the actuarial present value of the PUC accrued benefit of each active member. The Plan's provisions include assumptions of inflation at 3.00 percent and investment rate of return at 3.50 percent. The UAAL is being amortized as a level percentage of payroll over the remaining amortization period, which at June 30, 2017 was 30 years. Amortizations are open ended in that they begin anew at each valuation date.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

Note 10-Deferred/ Unavailable Revenue:

Deferred and unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 181,281
Tax assessments due after June 30	4,395,538	4,395,538
Prepaid property taxes due after June 30 but paid in advance by taxpayers	8,200	8,200
Unavailable EMS billing revenue representing uncollected billings that are not available for the funding of current expenditures	-	39,006
	\$ 4,403,738	\$ 4,624,025

Note 11-Contingencies:

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

Federal programs in which the Town participates were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017Note 12-Commitments:

At June 30, 2017, the Town had the following outstanding construction commitments:

<u>Project</u>	<u>Amount of Contract</u>	<u>Amount Outstanding</u>	<u>Accounts Payable</u>	<u>Retainage Payable</u>
Park Street Sidewalk	\$ 937,202	\$ 357,343	\$ 184,984	\$ 28,993
Huckleberry Trail Extension	376,536	-	-	18,827
N. Franklin/Cambria Intersection	584,124	333,037	71,857	-
N. Franklin/Independence Intersection	599,407	599,407	-	-
Downtown Traffic Enhancement	1,627,268	-	76,642	-
Sanitary Sewer & Rehab. College St.	345,000	217,795	57,205	-
Total	<u>\$ 4,469,537</u>	<u>\$ 1,507,582</u>	<u>\$ 390,688</u>	<u>\$ 47,820</u>

Note 13-Contributed Capital:

The Town received infrastructure in the Water and Sewer Fund of \$483,510 during the year ended June 30, 2017.

The Town on occasion receives contribution of streets and related infrastructure from developers but did not receive any during fiscal year 2017.

Note 14-Landfill Closure and Postclosure Care Costs:

In fiscal year 1998, the Town adopted GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. State and federal laws and regulations require the Town to place a final cover on its landfill site, as well as other sites opened in the future when they stop accepting waste, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, GASB No. 18 requires the Town to record a portion of these closure and postclosure costs as a long-term liability in each period based on landfill capacity used as of each balance sheet date. The Town subsequently closed the landfill and postclosure monitoring is expected to continue for ten years. The \$195,575 liability for postclosure care costs at June 30, 2017 represents the estimated liability based on the usage of 100% of the estimated capacity of the landfill. The liability accrued at June 30, 2017 is based on what it would cost to perform all postclosure care in 2017. Actual costs may differ from this estimate due to inflation, changes in technology, or changes in regulation.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 15-Litigation:

As of June 30, 2017, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable.

Note 16-Fund Balances:

	General Fund	Special Revenue Funds	Cemetery Fund	Total
<b>Nonspendable:</b>				
Perpetual Care	\$ -	\$ -	\$ 645,903	\$ 645,903
Prepaid items	126,291	2,560	-	128,851
<b>Restricted:</b>				
Law Enforcement	-	164,775	-	164,775
Fire Department	-	819,779	-	819,779
Lifesaving-Rescue Squad	-	1,092,293	-	1,092,293
Parks and Recreation	-	3,566	100,915	104,481
<b>Assigned:</b>				
Ambulance for Rescue	117,917	-	-	117,917
Emergency Serv. Building	1,261,719	-	-	1,261,719
Ladder Truck	475,437	-	-	475,437
Reserve for Wastewater Infrastructure	150,138	-	-	150,138
Construction of Connector Road	466,816	-	-	466,816
Public Works Building	502,439	-	-	502,439
New ERP System	272,510	-	-	272,510
Reserve for Health Insurance	355,276	-	-	355,276
New Regional Park	302,441	-	-	302,441
Aquatic Center Repairs/Renov.	466,586	-	-	466,586
Unassigned	23,982,472	-	-	23,982,472
<b>Total</b>	<b>\$ 28,480,042</b>	<b>\$ 2,082,973</b>	<b>\$ 746,818</b>	<b>\$ 31,309,833</b>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 17-Subsequent Events:

Subsequent to June 30, 2017, the Town entered into the following contracts:

- Construction agreement in the amount of \$519,201 for the Town Branch Stream Restoration project.
- Construction agreement in the amount of \$1,193,415 for the Church, Rigby, and Ellett Drainage Improvement project.
- Construction agreement in the amount of \$75,000 for the Falling Branch Intersection Connector Road project.
- Agreement for managed print services in the amount of \$55,038.

Note 18-Restatement of Beginning Balances:

	Lifesaving and Rescue Fund	
Fund Balance, July 1, 2016, as previously stated	\$ 991,039	
To record accounts receivable (net) from prior period	106,717	
Fund Balance, July 1, 2016, as restated	<u>\$ 1,097,756</u>	
	Governmental Activities	Business-type Activities
Net Position, July 1, 2016, as previously stated	\$ 129,295,581	\$ 33,877,660
Fund balance restatement from above	106,717	
To record capital assets	56,230	-
To transfer capital assets, net to Stormwater fund	(715,335)	715,335
To allocate net pension liability and related items to new Stormwater fund	161,266	(161,266)
Net Position, July 1, 2016, as restated	<u>\$ 128,904,459</u>	<u>\$ 34,431,729</u>

Note 19-Upcoming Pronouncements:

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Statement No. 81, Irrevocable Split-Interest Agreements, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017

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Note 19-Upcoming Pronouncements: (Continued)

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

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

Statement No. 86, Certain Debt Extinguishment Issues, improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

## Required Supplementary Information

Town of Christiansburg, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget - Positive Negative
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 4,265,870	\$ 4,265,870	\$ 4,376,741	\$ 110,871
Other local taxes	14,692,500	14,752,500	15,546,835	794,335
Permits, privilege fees, and regulatory licenses	179,500	179,500	338,511	159,011
Fines and forfeitures	134,500	134,500	76,994	(57,506)
Revenue from the use of money and property	444,000	444,000	558,788	114,788
Charges for services	2,544,610	2,544,610	2,619,975	75,365
Miscellaneous	194,700	194,703	241,110	46,407
Intergovernmental:				
Commonwealth	4,913,437	4,913,437	5,132,682	219,245
Total revenues	\$ 27,369,117	\$ 27,429,120	\$ 28,891,636	\$ 1,462,516
EXPENDITURES				
Current:				
General government administration	\$ 3,285,173	\$ 3,367,072	\$ 2,957,429	\$ 409,643
Public safety	8,628,346	8,709,107	7,998,097	711,010
Public works	6,290,387	6,185,253	5,082,753	1,102,500
Health and welfare	3,882	3,882	3,882	-
Parks, recreation, and cultural	4,477,082	4,484,670	4,000,330	484,340
Community development	1,630,877	1,653,131	1,451,493	201,638
Debt service:				
Principal	785,580	785,580	785,580	-
Interest and other fiscal charges	252,949	252,949	235,783	17,166
Total expenditures	\$ 25,354,276	\$ 25,441,644	\$ 22,515,347	\$ 2,926,297
Excess (deficiency) of revenues over (under) expenditures	\$ 2,014,841	\$ 1,987,476	\$ 6,376,289	\$ 4,388,813
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (2,899,698)	\$ (2,949,698)	\$ (1,280,041)	\$ 1,669,657
Total other financing sources (uses)	\$ (2,899,698)	\$ (2,949,698)	\$ (1,280,041)	\$ 1,669,657
Net change in fund balances	\$ (884,857)	\$ (962,222)	\$ 5,096,248	\$ 6,058,470
Fund balances - beginning	884,857	962,222	23,383,794	22,421,572
Fund balances - ending	\$ -	\$ -	\$ 28,480,042	\$ 28,480,042

Note 1: GAAP serves as the budgetary basis of accounting

Town of Christiansburg, Virginia  
Schedule of OPEB Funding Progress  
June 30, 2017

Town Other Postemployment Benefits - Retirement Service Merit Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2) / (3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2017	\$ -	\$ 1,789,625	\$ 1,789,625	0.00%	\$ 10,661,914	16.79%
6/30/2016	-	1,604,722	1,604,722	0.00%	10,722,354	14.97%
6/30/2015	-	1,538,070	1,538,070	0.00%	10,546,151	14.58%

Town of Christiansburg, Virginia  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 1,280,862	\$ 1,263,483	\$ 1,218,068
Interest	2,759,557	2,767,954	2,617,701
Differences between expected and actual experience	(513,834)	(2,435,426)	-
Benefit payments, including refunds of employee contributions	(1,747,447)	(1,684,483)	(1,694,123)
Net change in total pension liability	\$ 1,779,138	\$ (88,472)	\$ 2,141,646
Total pension liability - beginning	40,295,963	40,384,435	38,242,789
Total pension liability - ending (a)	<u>\$ 42,075,101</u>	<u>\$ 40,295,963</u>	<u>\$ 40,384,435</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,434,651	\$ 1,411,075	\$ 1,350,284
Contributions - employee	534,433	529,905	521,352
Net investment income	561,458	1,373,398	4,047,352
Benefit payments, including refunds of employee contributions	(1,747,447)	(1,684,483)	(1,694,123)
Administrative expense	(19,100)	(18,251)	(21,472)
Other	(235)	(292)	213
Net change in plan fiduciary net position	\$ 763,760	\$ 1,611,352	\$ 4,203,606
Plan fiduciary net position - beginning	31,406,398	29,795,046	25,591,440
Plan fiduciary net position - ending (b)	<u>\$ 32,170,158</u>	<u>\$ 31,406,398</u>	<u>\$ 29,795,046</u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 9,904,943	\$ 8,889,565	\$ 10,589,389
Plan fiduciary net position as a percentage of the total pension liability (asset)	76.46%	77.94%	73.78%
Covered payroll	\$ 10,722,354	\$ 10,546,151	\$ 10,424,573
Town's net pension liability (asset) as a percentage of covered payroll	92.38%	84.29%	101.58%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Town of Christiansburg, Virginia  
Schedule of Employer Contributions  
For the Years Ended June 30, 2008 through June 30, 2017

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2017	\$ 1,175,365	\$ 1,175,365	\$ -	\$ 10,494,330	11.20%
2016	1,434,651	1,434,651	-	10,722,354	13.38%
2015	1,411,075	1,411,075	-	10,546,151	13.38%
2014	1,359,364	1,359,364	-	10,424,573	13.04%
2013	1,348,406	1,348,406	-	10,340,538	13.04%
2012	1,007,288	1,007,288	-	9,875,371	10.20%
2011	959,909	959,909	-	9,410,868	10.20%
2010	925,194	925,194	-	9,115,214	10.15%
2009	886,540	886,540	-	8,734,388	10.15%
2008	885,022	885,022	-	8,112,023	10.91%

Fiscal year 2017, 2016, and 2015 contributions are from Town records and prior contributions are from the VRS actuarial valuation performed each year.

Town of Christiansburg, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2017

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Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

## Other Supplementary Information

Town of Christiansburg, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	Special Revenue Funds				Permanent Fund	Capital Projects Fund	
	Volunteer Fire Dept. Fund	Lifesaving and Rescue Fund	Police Department Fund	Recreation and Streets Fund	Cemetery Fund	Capital Projects Fund	Total
<b>ASSETS</b>							
Cash and cash equivalents - restricted	\$ 799,772	\$ 1,104,535	\$ 205,618	\$ -	\$ 702,927	\$ -	2,812,852
Accounts receivable, net of allowance	-	152,186	-	-	-	-	152,186
Due from other governmental units	7,500	-	6,600	803,323	-	851,932	1,669,355
Due from other funds	24,754	-	610	-	45,571	-	70,935
Prepaid items	-	2,560	-	-	-	-	2,560
Total assets	<u>\$ 832,026</u>	<u>\$ 1,259,281</u>	<u>\$ 212,828</u>	<u>\$ 803,323</u>	<u>\$ 748,498</u>	<u>\$ 851,932</u>	<u>\$ 4,707,888</u>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 12,247	\$ 1,841	\$ 3,517	\$ 76,641	\$ 1,680	\$ 114,903	\$ 210,829
Due to other funds	-	123,581	-	716,796	-	562,029	1,402,406
Unearned revenue	-	-	44,536	6,320	-	175,000	225,856
Total liabilities	<u>\$ 12,247</u>	<u>\$ 125,422</u>	<u>\$ 48,053</u>	<u>\$ 799,757</u>	<u>\$ 1,680</u>	<u>\$ 851,932</u>	<u>\$ 1,839,091</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - EMS billings	\$ -	\$ 39,006	\$ -	\$ -	\$ -	\$ -	\$ 39,006
<b>FUND BALANCES</b>							
Nonspendable	\$ -	\$ 2,560	\$ -	\$ -	\$ 645,903	\$ -	\$ 648,463
Restricted	819,779	1,092,293	164,775	3,566	100,915	-	2,181,328
Total fund balances	<u>\$ 819,779</u>	<u>\$ 1,094,853</u>	<u>\$ 164,775</u>	<u>\$ 3,566</u>	<u>\$ 746,818</u>	<u>\$ -</u>	<u>\$ 2,829,791</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 832,026</u>	<u>\$ 1,259,281</u>	<u>\$ 212,828</u>	<u>\$ 803,323</u>	<u>\$ 748,498</u>	<u>\$ 851,932</u>	<u>\$ 4,707,888</u>

Town of Christiansburg, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017

	Special Revenue Funds				Permanent Fund	Capital Projects Fund	
	Volunteer Fire Dept. Fund	Lifesaving and Rescue Fund	Police Department Fund	Recreation and Streets Fund	Cemetery Fund	Capital Projects Fund	Total
REVENUES							
Revenue from the use of money and property	\$ 8,310	\$ 11,847	\$ 1,875	\$ 2,188	\$ 6,706	\$ -	\$ 30,926
Charges for services	-	758,978	-	-	96,401	-	855,379
Miscellaneous	141,922	110,757	17,582	9,058	-	-	279,319
Intergovernmental:							
Commonwealth	68,981	12,761	49,470	-	-	1,233,220	1,364,432
Federal	7,500	-	212,398	1,500,309	-	325,308	2,045,515
Total revenues	<u>\$ 226,713</u>	<u>\$ 894,343</u>	<u>\$ 281,325</u>	<u>\$ 1,511,555</u>	<u>\$ 103,107</u>	<u>\$ 1,558,528</u>	<u>\$ 4,575,571</u>
EXPENDITURES							
Current:							
Public safety	\$ 140,713	\$ 897,246	\$ 193,438	\$ -	\$ -	\$ -	\$ 1,231,397
Public works	-	-	-	1,562,606	-	-	1,562,606
Parks, recreation, and cultural	-	-	-	257,378	214,231	-	471,609
Capital projects	-	-	-	-	-	2,408,073	2,408,073
Total expenditures	<u>\$ 140,713</u>	<u>\$ 897,246</u>	<u>\$ 193,438</u>	<u>\$ 1,819,984</u>	<u>\$ 214,231</u>	<u>\$ 2,408,073</u>	<u>\$ 5,673,685</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 86,000</u>	<u>\$ (2,903)</u>	<u>\$ 87,887</u>	<u>\$ (308,429)</u>	<u>\$ (111,124)</u>	<u>\$ (849,545)</u>	<u>\$ (1,098,114)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ -	\$ 162	\$ 309,582	\$ 291,288	\$ 849,545	\$ 1,450,577
Transfers out	-	-	-	(170,536)	-	-	(170,536)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 139,046</u>	<u>\$ 291,288</u>	<u>\$ 849,545</u>	<u>\$ 1,280,041</u>
Net change in fund balances	\$ 86,000	\$ (2,903)	\$ 88,049	\$ (169,383)	\$ 180,164	\$ -	\$ 181,927
Fund balances - beginning, as restated	733,779	1,097,756	76,726	172,949	566,654	-	2,647,864
Fund balances - ending	<u>\$ 819,779</u>	<u>\$ 1,094,853</u>	<u>\$ 164,775</u>	<u>\$ 3,566</u>	<u>\$ 746,818</u>	<u>\$ -</u>	<u>\$ 2,829,791</u>

Town of Christiansburg, Virginia  
 Volunteer Fire Department Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 8,310	\$ 8,310
Miscellaneous	165,270	165,270	141,922	(23,348)
Intergovernmental:				
Commonwealth	63,000	63,000	68,981	5,981
Federal	7,500	7,500	7,500	-
Total revenues	<u>\$ 235,770</u>	<u>\$ 235,770</u>	<u>\$ 226,713</u>	<u>\$ (9,057)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 173,770	\$ 173,770	\$ 140,713	\$ 33,057
Total expenditures	<u>\$ 173,770</u>	<u>\$ 173,770</u>	<u>\$ 140,713</u>	<u>\$ 33,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 62,000</u>	<u>\$ 62,000</u>	<u>\$ 86,000</u>	<u>\$ 24,000</u>
Net change in fund balances	\$ 62,000	\$ 62,000	\$ 86,000	\$ 24,000
Fund balances - beginning	(62,000)	(62,000)	733,779	795,779
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 819,779</u>	<u>\$ 819,779</u>

Town of Christiansburg, Virginia  
 Lifesaving and Rescue Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 11,847	\$ 11,847
Charges for services	650,000	650,000	758,978	108,978
Miscellaneous	109,000	109,000	110,757	1,757
Intergovernmental:				
Commonwealth	12,000	12,271	12,761	490
Total revenues	<u>\$ 771,000</u>	<u>\$ 771,271</u>	<u>\$ 894,343</u>	<u>\$ 123,072</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 987,529	\$ 1,213,800	\$ 897,246	\$ 316,554
Total expenditures	<u>\$ 987,529</u>	<u>\$ 1,213,800</u>	<u>\$ 897,246</u>	<u>\$ 316,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (216,529)</u>	<u>\$ (442,529)</u>	<u>\$ (2,903)</u>	<u>\$ 439,626</u>
Net change in fund balances	\$ (216,529)	\$ (442,529)	\$ (2,903)	\$ 439,626
Fund balances - beginning, as restated	216,529	442,529	1,097,756	655,227
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094,853</u>	<u>\$ 1,094,853</u>

Town of Christiansburg, Virginia  
Police Department Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,875	\$ 1,875
Miscellaneous	30,202	30,202	17,582	(12,620)
Intergovernmental:				
Commonwealth	85,864	85,864	49,470	(36,394)
Federal	183,258	183,258	212,398	29,140
Total revenues	<u>\$ 299,324</u>	<u>\$ 299,324</u>	<u>\$ 281,325</u>	<u>\$ (17,999)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ 318,824	\$ 318,824	\$ 193,438	\$ 125,386
Total expenditures	<u>\$ 318,824</u>	<u>\$ 318,824</u>	<u>\$ 193,438</u>	<u>\$ 125,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (19,500)</u>	<u>\$ (19,500)</u>	<u>\$ 87,887</u>	<u>\$ 107,387</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 162</u>
Net change in fund balances	<u>\$ (19,500)</u>	<u>\$ (19,500)</u>	<u>\$ 88,049</u>	<u>\$ 107,549</u>
Fund balances - beginning	19,500	19,500	76,726	57,226
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,775</u>	<u>\$ 164,775</u>

Town of Christiansburg, Virginia  
Recreation and Streets Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 2,188	\$ 2,188
Miscellaneous	550,732	550,732	9,058	(541,674)
Intergovernmental:				
Federal	1,292,386	1,699,108	1,500,309	(198,799)
Total revenues	<u>\$ 1,843,118</u>	<u>\$ 2,249,840</u>	<u>\$ 1,511,555</u>	<u>\$ (738,285)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 1,555,249	\$ 2,053,571	\$ 1,562,606	\$ 490,965
Parks, recreation, and cultural	708,303	708,303	257,378	450,925
Total expenditures	<u>\$ 2,263,552</u>	<u>\$ 2,761,874</u>	<u>\$ 1,819,984</u>	<u>\$ 941,890</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (420,434)</u>	<u>\$ (512,034)</u>	<u>\$ (308,429)</u>	<u>\$ 203,605</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ 309,582	\$ 309,582
Transfers Out	(50,000)	(50,000)	(170,536)	(120,536)
Total other financing sources (uses)	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ 139,046</u>	<u>\$ 189,046</u>
Net change in fund balances	<u>\$ (470,434)</u>	<u>\$ (562,034)</u>	<u>\$ (169,383)</u>	<u>\$ 392,651</u>
Fund balances - beginning	470,434	562,034	172,949	(389,085)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,566</u>	<u>\$ 3,566</u>

Town of Christiansburg, Virginia  
Cemetery Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 3,500	\$ 3,500	\$ 6,706	\$ 3,206
Charges for services	90,000	90,000	96,401	6,401
Miscellaneous	200	200	-	(200)
Total revenues	<u>\$ 93,700</u>	<u>\$ 93,700</u>	<u>\$ 103,107</u>	<u>\$ 9,407</u>
<b>EXPENDITURES</b>				
Current:				
Parks, recreation, and cultural	\$ 308,848	\$ 311,671	\$ 214,231	\$ 97,440
Total expenditures	<u>\$ 308,848</u>	<u>\$ 311,671</u>	<u>\$ 214,231</u>	<u>\$ 97,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (215,148)</u>	<u>\$ (217,971)</u>	<u>\$ (111,124)</u>	<u>\$ 106,847</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>\$ 248,647</u>	<u>\$ 298,647</u>	<u>\$ 291,288</u>	<u>\$ (7,359)</u>
Net change in fund balances	\$ 33,499	\$ 80,676	\$ 180,164	\$ 99,488
Fund balances - beginning	(33,499)	(80,676)	566,654	647,330
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 746,818</u>	<u>\$ 746,818</u>

Town of Christiansburg, Virginia  
Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Commonwealth	\$ 2,996,721	\$ 3,550,812	\$ 1,233,220	\$ (2,317,592)
Federal	517,800	9,627,470	325,308	(9,302,162)
Total revenues	<u>\$ 3,514,521</u>	<u>\$ 13,178,282</u>	<u>\$ 1,558,528</u>	<u>\$ (11,619,754)</u>
EXPENDITURES				
Current:				
Capital projects	\$ 6,115,571	\$ 15,733,208	\$ 2,408,073	\$ 13,325,135
Total expenditures	<u>\$ 6,115,571</u>	<u>\$ 15,733,208</u>	<u>\$ 2,408,073</u>	<u>\$ 13,325,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,601,050)</u>	<u>\$ (2,554,926)</u>	<u>\$ (849,545)</u>	<u>\$ 1,705,381</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,601,501	\$ 2,601,501	\$ 849,545	\$ (1,751,956)
Net change in fund balances	\$ 451	\$ 46,575	\$ -	\$ (46,575)
Fund balances - beginning	(451)	(46,575)	-	46,575
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Supporting Schedules

Town of Christiansburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property tax	\$ 3,248,100	\$ 3,248,100	\$ 3,233,508	\$ (14,592)
Real and personal PSC tax	83,270	83,270	85,495	2,225
Personal property tax	632,000	632,000	721,858	89,858
Mobile home tax	4,500	4,500	5,926	1,426
Machinery and tools tax	275,000	275,000	291,378	16,378
Penalties	15,000	15,000	24,900	9,900
Interest	8,000	8,000	13,676	5,676
Total general property taxes	\$ 4,265,870	\$ 4,265,870	\$ 4,376,741	\$ 110,871
Other local taxes:				
Local sales and use taxes	\$ 1,870,000	\$ 1,870,000	\$ 1,891,739	\$ 21,739
Consumers' utility taxes	570,000	570,000	579,832	9,832
Cigarette tax	525,000	525,000	513,200	(11,800)
Business license taxes	2,327,000	2,327,000	2,443,328	116,328
Consumption taxes	140,000	140,000	130,852	(9,148)
Motor vehicle licenses	520,000	520,000	591,379	71,379
Bank stock taxes	600,000	600,000	794,033	194,033
Lodging taxes	1,490,500	1,550,500	1,673,548	123,048
Restaurant food taxes	6,650,000	6,650,000	6,928,924	278,924
Total other local taxes	\$ 14,692,500	\$ 14,752,500	\$ 15,546,835	\$ 794,335
Permits, privilege fees, and regulatory licenses:				
Building permits	\$ 90,000	\$ 90,000	\$ 239,573	\$ 149,573
Zoning permits	9,000	9,000	11,243	2,243
Permits and other licenses	80,500	80,500	87,695	7,195
Total permits, privilege fees, and regulatory licenses	\$ 179,500	\$ 179,500	\$ 338,511	\$ 159,011
Fines and forfeitures:				
Court fines and forfeitures	\$ 134,500	\$ 134,500	\$ 76,994	\$ (57,506)
Revenue from use of money and property:				
Revenue from use of money	\$ 185,000	\$ 185,000	\$ 285,287	\$ 100,287
Revenue from use of property	259,000	259,000	273,501	14,501
Total revenue from use of money and property	\$ 444,000	\$ 444,000	\$ 558,788	\$ 114,788
Charges for services:				
Charges for recreation	\$ 228,000	\$ 228,000	\$ 241,555	\$ 13,555
Charges for aquatics	788,350	788,350	838,133	49,783
Charges for Farmer's Market	2,660	2,660	2,605	(55)
Charges for alarm fees	3,100	3,100	1,923	(1,177)
Charges for refuse collections	1,522,500	1,522,500	1,535,759	13,259
Total charges for services	\$ 2,544,610	\$ 2,544,610	\$ 2,619,975	\$ 75,365

Town of Christiansburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 194,700	\$ 194,703	\$ 241,110	\$ 46,407
Total revenue from local sources	\$ 22,455,680	\$ 22,515,683	\$ 23,758,954	\$ 1,243,271
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 192,000	\$ 192,000	\$ 176,521	\$ (15,479)
Mobile home titling tax	16,000	16,000	15,715	(285)
Telecommunications Tax	900,000	900,000	837,178	(62,822)
Personal property tax relief funds	228,552	228,552	228,553	1
Total noncategorical aid	\$ 1,336,552	\$ 1,336,552	\$ 1,257,967	\$ (78,585)
Categorical aid:				
Other categorical aid:				
DJCP law enforcement grants	\$ 429,985	\$ 429,985	\$ 429,984	\$ (1)
Litter control grant	2,500	2,500	5,306	2,806
Street maintenance	3,100,000	3,100,000	3,390,667	290,667
State E911 program	41,400	41,400	45,341	3,941
Military Affairs grants	3,000	3,000	3,417	417
Total other categorical aid	\$ 3,576,885	\$ 3,576,885	\$ 3,874,715	\$ 297,830
Total categorical aid	\$ 3,576,885	\$ 3,576,885	\$ 3,874,715	\$ 297,830
Total revenue from the Commonwealth	\$ 4,913,437	\$ 4,913,437	\$ 5,132,682	\$ 219,245
Total intergovernmental	\$ 4,913,437	\$ 4,913,437	\$ 5,132,682	\$ 219,245
Total General Fund	\$ 27,369,117	\$ 27,429,120	\$ 28,891,636	\$ 1,462,516
Special Revenue Funds:				
Volunteer Fire Dept. Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 8,310	\$ 8,310
Miscellaneous:				
Montgomery County, Virginia contributions	\$ 165,270	\$ 165,270	\$ 141,922	\$ (23,348)
Total revenue from local sources	\$ 165,270	\$ 165,270	\$ 150,232	\$ (15,038)

Town of Christiansburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Volunteer Fire Dept. Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State Fire Programs	\$ 63,000	\$ 63,000	\$ 68,981	\$ 5,981
Total revenue from the Commonwealth	\$ 63,000	\$ 63,000	\$ 68,981	\$ 5,981
Revenue from the federal government:				
Categorical aid:				
FEMA grant	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Total revenue from the federal government	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Total intergovernmental	\$ 70,500	\$ 70,500	\$ 76,481	\$ 5,981
Total Volunteer Fire Department Fund	\$ 235,770	\$ 235,770	\$ 226,713	\$ (9,057)
Lifesaving and Rescue Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 11,847	\$ 11,847
Charges for services:				
EMS billings	\$ 650,000	\$ 650,000	\$ 758,978	\$ 108,978
Miscellaneous:				
Montgomery County, Virginia contributions	\$ 99,000	\$ 99,000	\$ 99,000	\$ -
Other contributions	10,000	10,000	11,757	1,757
Total miscellaneous	\$ 109,000	\$ 109,000	\$ 110,757	\$ 1,757
Total revenue from local sources	\$ 759,000	\$ 759,000	\$ 881,582	\$ 122,582
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Four for Life grants	\$ 12,000	\$ 12,271	\$ 12,761	\$ 490
Total revenue from the Commonwealth	\$ 12,000	\$ 12,271	\$ 12,761	\$ 490
Total Lifesaving and Rescue Fund	\$ 771,000	\$ 771,271	\$ 894,343	\$ 123,072
Police Department Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,875	\$ 1,875

Town of Christiansburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Police Department Fund: (Continued)				
Miscellaneous:				
Contributions	\$ 500	\$ 500	\$ 2,834	\$ 2,334
Other miscellaneous	29,702	29,702	14,748	(14,954)
Total miscellaneous	\$ 30,202	\$ 30,202	\$ 17,582	\$ (12,620)
Total revenue from local sources	\$ 30,202	\$ 30,202	\$ 19,457	\$ (10,745)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Police Department grants	\$ 85,864	\$ 85,864	\$ 49,470	\$ (36,394)
Total categorical aid	\$ 85,864	\$ 85,864	\$ 49,470	\$ (36,394)
Total revenue from the Commonwealth	\$ 85,864	\$ 85,864	\$ 49,470	\$ (36,394)
Revenue from the federal government:				
Categorical aid:				
Local Law Enforcement Block Grant	\$ 3,000	\$ 3,000	\$ 1,961	\$ (1,039)
Bullet Proof Vest Grant	2,758	2,758	678	(2,080)
DMV Select Enforcement Grant	-	-	11,189	11,189
DUI Task Force Grant	-	-	8,892	8,892
Anti-Drug Grant	170,000	170,000	185,690	15,690
Other Police grants	7,500	7,500	3,988	(3,512)
Total categorical aid	\$ 183,258	\$ 183,258	\$ 212,398	\$ 29,140
Total revenue from the federal government	\$ 183,258	\$ 183,258	\$ 212,398	\$ 29,140
Total intergovernmental	\$ 269,122	\$ 269,122	\$ 261,868	\$ (7,254)
Total Police Department Fund	\$ 299,324	\$ 299,324	\$ 281,325	\$ (17,999)

Town of Christiansburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Recreation and Streets Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,188	\$ 2,188
Miscellaneous:				
Contributions	\$ 550,732	\$ 550,732	\$ 9,058	\$ (541,674)
Total revenue from local sources	\$ 550,732	\$ 550,732	\$ 11,246	\$ (539,486)
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant	\$ 290,935	\$ 331,257	\$ 440,992	\$ 109,735
Transportation Enhancement Program	1,001,451	1,367,851	1,059,317	(308,534)
Total categorical aid	\$ 1,292,386	\$ 1,699,108	\$ 1,500,309	\$ (198,799)
Total revenue from the federal government	\$ 1,292,386	\$ 1,699,108	\$ 1,500,309	\$ (198,799)
Total intergovernmental	\$ 1,292,386	\$ 1,699,108	\$ 1,500,309	\$ (198,799)
Total Recreation and Streets Fund	\$ 1,843,118	\$ 2,249,840	\$ 1,511,555	\$ (738,285)
Permanent Fund:				
Cemetery Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 3,500	\$ 3,500	\$ 6,706	\$ 3,206
Charges for services:				
Charges for grave openings	\$ 60,000	\$ 60,000	\$ 52,510	\$ (7,490)
Charges for plots	30,000	30,000	35,891	5,891
Charges for niches	-	-	8,000	8,000
Total charges for services	\$ 90,000	\$ 90,000	\$ 96,401	\$ 6,401
Miscellaneous:				
Other miscellaneous	\$ 200	\$ 200	\$ -	\$ (200)
Total Cemetery Fund	\$ 93,700	\$ 93,700	\$ 103,107	\$ 9,407

Town of Christiansburg, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Schedule 1  
Page 6 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT revenue sharing projects	\$ 2,996,721	\$ 3,550,812	\$ 1,233,220	\$ (2,317,592)
Total categorical aid	<u>\$ 2,996,721</u>	<u>\$ 3,550,812</u>	<u>\$ 1,233,220</u>	<u>\$ (2,317,592)</u>
Total revenue from the Commonwealth	<u>\$ 2,996,721</u>	<u>\$ 3,550,812</u>	<u>\$ 1,233,220</u>	<u>\$ (2,317,592)</u>
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ 517,800	\$ 9,627,470	\$ 325,308	\$ (9,302,162)
Total categorical aid	<u>\$ 517,800</u>	<u>\$ 9,627,470</u>	<u>\$ 325,308</u>	<u>\$ (9,302,162)</u>
Total revenue from the federal government	<u>\$ 517,800</u>	<u>\$ 9,627,470</u>	<u>\$ 325,308</u>	<u>\$ (9,302,162)</u>
Total Capital Projects Fund	<u>\$ 3,514,521</u>	<u>\$ 13,178,282</u>	<u>\$ 1,558,528</u>	<u>\$ (11,619,754)</u>
Total Primary Government	<u>\$ 34,126,550</u>	<u>\$ 44,257,307</u>	<u>\$ 33,467,207</u>	<u>\$ (10,790,100)</u>

Town of Christiansburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Town Council and Town Clerk	\$ 72,041	\$ 72,041	\$ 67,224	\$ 4,817
General and financial administration:				
Town Manager	\$ 840,866	\$ 906,801	\$ 814,314	\$ 92,487
Legal services	60,000	60,000	80,689	(20,689)
Finance/Treasurer	948,559	920,559	811,678	108,881
Audit services	32,000	32,000	32,400	(400)
Human Resources	299,428	348,326	324,560	23,766
Public Relations	158,685	159,485	139,999	19,486
Information Systems	873,594	867,860	686,565	181,295
Total general and financial administration	\$ 3,213,132	\$ 3,295,031	\$ 2,890,205	\$ 404,826
Total general government administration	\$ 3,285,173	\$ 3,367,072	\$ 2,957,429	\$ 409,643
Public safety:				
Law enforcement and traffic control:				
Police	\$ 6,474,107	\$ 6,522,657	\$ 6,042,175	\$ 480,482
Fire and rescue services:				
Fire department	\$ 894,032	\$ 902,742	\$ 799,446	\$ 103,296
Lifesaving and Rescue Squad	907,496	930,997	841,081	89,916
Total fire and rescue services	\$ 1,801,528	\$ 1,833,739	\$ 1,640,527	\$ 193,212
Inspections:				
Building	\$ 352,711	\$ 352,711	\$ 315,395	\$ 37,316
Total public safety	\$ 8,628,346	\$ 8,709,107	\$ 7,998,097	\$ 711,010
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 4,362,369	\$ 4,309,714	\$ 3,602,905	\$ 706,809
Sanitation and waste removal:				
Refuse collections and disposal	\$ 1,334,257	\$ 1,295,028	\$ 1,062,024	\$ 233,004
Maintenance of general buildings and grounds:				
General properties	\$ 593,761	\$ 580,511	\$ 417,824	\$ 162,687
Total public works	\$ 6,290,387	\$ 6,185,253	\$ 5,082,753	\$ 1,102,500

Town of Christiansburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare:				
Welfare:				
Contribution to Area Agency on Aging	\$ 3,882	\$ 3,882	\$ 3,882	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 2,436,008	\$ 2,403,652	\$ 2,047,519	\$ 356,133
Aquatic center	2,026,074	1,661,186	1,567,992	93,194
Skate board park	-	404,832	369,819	35,013
Total parks and recreation	\$ 4,462,082	\$ 4,469,670	\$ 3,985,330	\$ 484,340
Cultural enrichment:				
Library	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Total parks, recreation, and cultural	\$ 4,477,082	\$ 4,484,670	\$ 4,000,330	\$ 484,340
Community development:				
Planning and community development:				
Planning department	\$ 246,310	\$ 253,310	\$ 214,699	\$ 38,611
Zoning administration	1,000	1,000	533	467
Planning Commission	13,200	13,200	4,330	8,870
Community development	391,122	402,789	374,663	28,126
Farmer's Market	12,750	12,750	11,213	1,537
Economic development	86,500	36,500	-	36,500
Engineering	879,995	933,582	846,055	87,527
Total planning and community development	\$ 1,630,877	\$ 1,653,131	\$ 1,451,493	\$ 201,638
Total community development	\$ 1,630,877	\$ 1,653,131	\$ 1,451,493	\$ 201,638
Debt service:				
Principal retirement	\$ 785,580	\$ 785,580	\$ 785,580	\$ -
Interest and other fiscal charges	252,949	252,949	235,783	17,166
Total debt service	\$ 1,038,529	\$ 1,038,529	\$ 1,021,363	\$ 17,166
Total General Fund	\$ 25,354,276	\$ 25,441,644	\$ 22,515,347	\$ 2,926,297

Town of Christiansburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Volunteer Fire Department Fund:				
Public Safety:				
Fire and rescue services:				
Fire department	\$ 173,770	\$ 173,770	\$ 140,713	\$ 33,057
Total Volunteer Fire Department Fund	\$ 173,770	\$ 173,770	\$ 140,713	\$ 33,057
Lifesaving and Rescue Fund:				
Public Safety:				
Fire and rescue services:				
Lifesaving and Rescue Squad	\$ 987,529	\$ 1,213,800	\$ 897,246	\$ 316,554
Total Lifesaving and Rescue Fund	\$ 987,529	\$ 1,213,800	\$ 897,246	\$ 316,554
Police Department Fund:				
Public Safety:				
Law enforcement and traffic control:				
Police	\$ 318,824	\$ 318,824	\$ 193,438	\$ 125,386
Total Police Department Fund	\$ 318,824	\$ 318,824	\$ 193,438	\$ 125,386
Recreation and Streets Fund:				
Public Works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street department	\$ 1,555,249	\$ 2,053,571	\$ 1,562,606	\$ 490,965
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation department	\$ 708,303	\$ 708,303	\$ 257,378	\$ 450,925
Total Recreation and Streets Fund	\$ 2,263,552	\$ 2,761,874	\$ 1,819,984	\$ 941,890
Permanent Fund:				
Cemetery Fund:				
Parks, recreation, and cultural:				
Cultural enrichment:				
Cemetery	\$ 308,848	\$ 311,671	\$ 214,231	\$ 97,440
Total Cemetery Fund	\$ 308,848	\$ 311,671	\$ 214,231	\$ 97,440

Town of Christiansburg, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

<u>Funds, Functions and Departments</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
Capital projects expenditures:				
VDOT revenue sharing projects	\$ 6,080,871	\$ 6,369,469	\$ 2,072,010	\$ 4,297,459
Highway planning and construction projects	34,700	9,363,739	336,063	9,027,676
Total capital projects	<u>\$ 6,115,571</u>	<u>\$ 15,733,208</u>	<u>\$ 2,408,073</u>	<u>\$ 13,325,135</u>
Total Capital Projects Fund	<u>\$ 6,115,571</u>	<u>\$ 15,733,208</u>	<u>\$ 2,408,073</u>	<u>\$ 13,325,135</u>
Total Primary Government	<u>\$ 35,522,370</u>	<u>\$ 45,954,791</u>	<u>\$ 28,189,032</u>	<u>\$ 17,765,759</u>

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## STATISTICAL SECTION

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## Statistical Section

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This part of the Town of Christiansburg Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health. Information is obtained from this CAFR unless otherwise noted.

Contents		Page
Financial Trends	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. Tables 1-6	105-111
Revenue Capacity	These schedules contain information to help the reader assess the Town's most significant local revenue sources. Tables 7-10	112-115
Debt Capacity	These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. Tables 11-13	116-118
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place. Tables 14-15	119-120
Operating Information	These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs. Tables 16-22	121-128

Table 1

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

	Fiscal Year									
	2017	2016	2015 (2)	2014 (1)	2013	2012	2011	2010	2009	2008
<b>Governmental Activities:</b>										
Net Investment in capital assets	\$ 115,058,635	\$ 115,738,426	\$ 116,146,817	\$ 96,639,415	\$ 96,771,494	\$ 95,524,065	\$ 99,222,094	\$ 97,268,970	\$ 89,442,245	\$ 81,535,576
Restricted	2,829,791	2,541,147	7,439,965	6,516,996	6,727,355	6,423,678	6,185,491	289,784	227,903	231,358
Unrestricted	16,943,130	11,016,008	3,225,438	14,693,551	11,426,955	13,772,327	12,615,333	14,542,381	20,785,430	23,611,653
Total governmental activities net position	<u>\$ 134,831,556</u>	<u>\$ 129,295,581</u>	<u>\$ 126,812,220</u>	<u>\$ 117,849,962</u>	<u>\$ 114,925,804</u>	<u>\$ 115,720,070</u>	<u>\$ 118,022,918</u>	<u>\$ 112,101,135</u>	<u>\$ 110,455,578</u>	<u>\$ 105,378,587</u>
<b>Business-type Activities:</b>										
Net Investment in capital assets	\$ 36,457,700	\$ 33,472,929	\$ 32,160,376	\$ 30,020,184	\$ 32,585,256	\$ 32,752,921	\$ 31,469,741	\$ 31,179,842	\$ 30,681,352	\$ 29,028,603
Unrestricted	930,006	404,731	275,465	3,579,672	773,790	97,016	53,593	343,492	186,303	94,382
Total business-type activities net position	<u>\$ 37,387,706</u>	<u>\$ 33,877,660</u>	<u>\$ 32,435,841</u>	<u>\$ 33,599,856</u>	<u>\$ 33,359,046</u>	<u>\$ 32,849,937</u>	<u>\$ 31,523,334</u>	<u>\$ 31,523,334</u>	<u>\$ 30,867,655</u>	<u>\$ 29,122,985</u>
<b>Primary Government:</b>										
Net Investment in capital assets	\$ 151,516,335	\$ 149,211,355	\$ 148,307,193	\$ 126,659,599	\$ 129,356,750	\$ 128,276,986	\$ 130,691,835	\$ 128,448,812	\$ 120,123,597	\$ 110,564,179
Restricted	2,829,791	2,541,147	7,439,965	6,516,996	6,727,355	6,423,678	6,185,491	289,784	227,903	231,358
Unrestricted	17,873,136	11,420,739	3,500,903	18,273,223	12,200,745	13,869,343	12,668,926	14,885,873	20,971,733	23,706,035
Total business-type activities net position	<u>\$ 172,219,262</u>	<u>\$ 163,173,241</u>	<u>\$ 159,248,061</u>	<u>\$ 151,449,818</u>	<u>\$ 148,284,850</u>	<u>\$ 148,570,007</u>	<u>\$ 149,546,252</u>	<u>\$ 143,624,469</u>	<u>\$ 141,323,233</u>	<u>\$ 134,501,572</u>

(1) Fiscal year ending 2014 net position was restated as of July 1, 2014. The restated balances are reflected in the ending balances for fiscal year ending 2014 as shown above.

(2) Fiscal year ending 2015 net position was restated as of July 1, 2015. The restated balances are reflected in the ending balances for fiscal year ending 2015 as shown above.

Table 2

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 2,924,666	\$ 2,865,185	\$ 2,747,508	\$ 2,805,119	\$ 4,944,169	\$ 2,220,167	\$ 2,376,491	\$ 2,205,112	\$ 1,870,600	\$ 1,863,443
Public Safety	8,514,939	9,216,920	8,583,324	8,418,250	8,198,793	8,658,968	7,298,345	8,022,207	6,969,518	6,453,570
Public Works	9,465,078	9,352,889	9,809,882	8,496,043	9,144,564	9,379,197	5,154,376	6,313,092	4,976,341	5,759,437
Health and Welfare	3,882	3,697	3,521	3,353	3,193	3,193	3,100	3,100	3,040	2,700
Parks, Recreation, and Culture	4,971,901	4,713,745	4,803,568	5,712,596	2,154,902	4,564,487	4,214,349	2,620,104	2,326,077	1,682,832
Community Development	1,480,200	1,534,477	1,519,574	1,224,353	1,363,587	1,409,722	1,145,498	1,392,967	1,270,096	2,021,276
Interest on Long Term Debt	247,633	334,535	289,866	301,654	525,402	550,881	574,940	60,257	364,675	193,186
Total governmental activities	\$ 27,608,299	\$ 28,021,448	\$ 27,757,243	\$ 26,961,368	\$ 26,334,610	\$ 26,786,615	\$ 20,767,099	\$ 20,616,839	\$ 17,780,347	\$ 17,976,444
Business-Type Activities:										
Water and Sewer	\$ 8,328,959	\$ 7,479,021	\$ 7,319,365	\$ 6,843,971	\$ 6,651,445	\$ 6,455,176	\$ 6,369,695	\$ 6,188,386	\$ 5,784,337	\$ 5,482,183
Total business-type activities expenses	\$ 8,328,959	\$ 7,479,021	\$ 7,319,365	\$ 6,843,971	\$ 6,651,445	\$ 6,455,176	\$ 6,369,695	\$ 6,188,386	\$ 5,784,337	\$ 5,482,183
Total primary government expenses	\$ 35,937,258	\$ 35,500,469	\$ 35,076,608	\$ 33,805,340	\$ 32,986,055	\$ 33,241,791	\$ 27,136,794	\$ 26,805,225	\$ 23,564,684	\$ 23,458,627
<b>Program Revenues</b>										
Governmental activities:										
Charges for Services										
Solid waste collection services	\$ 1,535,759	\$ 1,672,738	\$ 1,497,715	\$ 1,439,764	\$ 1,393,075	\$ 1,431,840	\$ 1,184,296	\$ 1,197,592	\$ 1,198,339	\$ 1,013,822
Public Safety	1,215,412	1,037,404	158,669	147,646	-	-	-	-	-	-
Parks, Recreation, and Cultural	1,178,694	1,157,044	1,067,981	992,090	1,021,767	1,001,541	1,022,857	199,813	201,556	200,351
Operating grants and contributions	4,225,825	4,265,499	4,236,637	4,599,502	575,182	1,137,981	306,981	428,117	-	-
Capital grants and contributions	3,058,837	779,606	225	887,040	41,008	8,316	1,325,647	802,659	-	-
Total governmental activities program revenues	\$ 11,214,527	\$ 8,912,291	\$ 6,961,227	\$ 8,066,042	\$ 3,031,032	\$ 3,579,678	\$ 3,839,781	\$ 2,628,181	\$ 1,399,895	\$ 1,214,173
Business-Type Activities:										
Charges for Services										
Water and Sewer	\$ 8,913,642	\$ 8,824,901	\$ 7,629,157	\$ 6,873,832	\$ 6,958,537	\$ 6,613,507	\$ 5,855,965	\$ 5,932,787	\$ 5,602,405	\$ 5,395,895
Storm Water	1,397,976	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and contributions	973,318	95,939	-	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ 11,284,936	\$ 8,920,840	\$ 7,629,157	\$ 6,873,832	\$ 6,958,537	\$ 6,613,507	\$ 5,855,965	\$ 5,932,787	\$ 5,602,405	\$ 5,395,895
Total primary government program revenues	\$ 22,499,463	\$ 17,833,131	\$ 14,590,385	\$ 14,939,874	\$ 9,989,569	\$ 10,193,185	\$ 9,695,746	\$ 8,560,968	\$ 7,002,300	\$ 6,610,068
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (16,393,772)	\$ (19,109,157)	\$ (20,796,016)	\$ (18,895,325)	\$ (23,303,578)	\$ (23,206,937)	\$ (16,927,318)	\$ (17,988,658)	\$ (16,380,452)	\$ (16,762,271)
Business-type activities	2,955,977	1,441,819	309,792	29,861	307,092	158,331	(513,730)	(255,599)	(181,932)	(86,288)
Total primary government net (expense) revenue	\$ (13,437,795)	\$ (17,667,338)	\$ (20,486,223)	\$ (18,865,464)	\$ (22,996,486)	\$ (23,048,606)	\$ (17,441,048)	\$ (18,244,257)	\$ (16,562,384)	\$ (16,848,559)

(continued)

Table 2

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Taxes										
Property	\$ 4,405,924	\$ 4,293,227	\$ 3,659,388	\$ 3,920,803	\$ 3,129,019	\$ 3,076,838	\$ 3,016,086	\$ 2,990,073	\$ 2,996,632	\$ 2,855,885
Sales	1,891,739	1,876,235	1,810,171	1,768,371	1,589,154	1,562,926	1,547,345	1,483,290	1,558,600	1,599,479
Prepared Meals	6,928,924	6,683,891	6,357,292	6,119,575	6,163,941	5,622,786	5,407,998	4,503,818	4,684,404	4,617,826
Transient Lodging	1,673,548	1,547,110	1,410,294	1,286,145	1,303,425	919,745	812,331	748,701	851,512	950,000
Business Licenses	2,443,328	2,366,398	2,236,295 (1)	2,146,259	-	-	-	-	-	-
Franchise	794,033	709,970	726,136 (1)	811,550	-	-	-	-	-	-
Cigarette	513,200	562,770	554,155 (1)	606,416	-	-	-	-	-	-
Other	911,042	911,798	2,026,356	2,016,969	5,454,370	5,277,657	5,344,305	5,315,902	5,288,368	4,498,937
Permits, fees and licenses	338,511	267,368	272,733	157,471	170,580	190,405	131,369	203,998	137,796	191,857
Revenues from use of property	304,427	241,749	231,905	224,381	217,128	218,058	255,366	94,201	115,805	124,071
Investment earnings and unrealized gains	285,287	240,599	315,432	237,626	228,040	222,813	254,350	263,518	486,131	1,081,113
Intergovernmental	1,257,967	1,310,714	886,223	392,830	3,799,427	3,660,452	3,662,382	3,414,598	3,749,731	3,520,364
Fines and Forfeitures	-	-	- (2)	-	172,565	126,702	95,038	118,559	86,924	95,024
Cemetery	52,510	59,092	29,565	44,515	28,930	90,860	103,464	96,735	102,077	28,420
Miscellaneous	520,429	521,597	1,020,334	2,212,798	389,461	345,487	375,261	320,188	1,080,845	1,165,147
Grants in Aid of Construction	-	-	-	-	-	-	1,257,323	788,355	1,633,662	240,030
Transfers	-	-	-	-	-	(410,640)	(323,096)	(707,721)	(1,315,045)	(1,030,816)
FY16 Restatement to beginning balances	-	-	(3) 20,510,874	-	-	-	909,580	-	-	-
Special items	-	-	-	-	(136,728)	-	-	-	-	-
Total Governmental activities	\$ 22,320,869	\$ 21,592,518	\$ 42,047,153	\$ 21,945,709	\$ 22,509,312	\$ 20,904,089	\$ 22,849,102	\$ 19,634,215	\$ 21,457,442	\$ 19,937,337
<b>Business-Type activities:</b>										
Grants in Aid of Construction	\$ -	\$ -	\$ 124,735	\$ 53,489	\$ 45,971	\$ 610,263	\$ 52,700	\$ 74,655	\$ 490,222	\$ 392,711
Miscellaneous	-	-	171,143	157,460	156,046	147,369	137,934	128,903	121,335	113,561
FY16 Restatement to beginning balances	-	-	(220,676)	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	410,640	323,096	707,721	1,315,045	1,030,816
Total business-type activities	\$ -	\$ -	\$ 75,202	\$ 210,949	\$ 202,017	\$ 1,168,272	\$ 513,730	\$ 911,279	\$ 1,926,602	\$ 1,537,088
Total primary government	\$ 22,320,869	\$ 21,592,518	\$ 42,122,354	\$ 22,156,658	\$ 22,711,329	\$ 22,072,361	\$ 23,362,832	\$ 20,545,494	\$ 23,384,044	\$ 21,474,425
<b>Changes in Net Position:</b>										
Governmental activities	\$ 5,927,097	\$ 2,483,361	\$ 21,251,137	\$ 3,050,383	\$ (794,266)	\$ (2,302,848)	\$ 5,921,784	\$ 1,645,557	\$ 5,076,990	\$ 3,175,066
Business type activities	2,955,977	1,441,819	384,994	240,810	509,109	1,326,603	-	655,680	1,744,670	1,450,800
Total primary government	\$ 8,883,074	\$ 3,925,180	\$ 21,636,131	\$ 3,291,193	\$ (285,157)	\$ (976,245)	\$ 5,921,784	\$ 2,301,237	\$ 6,821,660	\$ 4,625,866

(1) Previously included in Other Taxes

(2) Recorded as "Charges for Services - Program" beginning in fiscal year 2014

(3) A significant portion of this restatement is related to adding infrastructure assets constructed by VDOT for the Town in prior years.

Table 3

Town of Christiansburg, Virginia  
Fund Balances - Governmental Funds (1), (2)  
Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015(4)	2014	2013	2012	2011	2010	2009	2008 (3)
General Fund										
Nonspendable	\$ 126,291	\$ 130,844	\$ 93,355	\$ 26,974	\$ 85,792	\$ 131,851	\$ -	\$ 59,725	\$ -	\$ -
Restricted	-	-	-	-	-	448,130	429,088	373,646	-	-
Assigned	4,371,279	3,742,702	3,814,143	3,482,088	3,114,299	2,527,638	2,199,995	2,069,518	-	-
Unassigned	23,982,472	19,510,248	16,889,399	14,606,954	12,060,646	14,120,583	12,816,580	10,910,484	19,503,465	22,366,890
Total General Fund	<u>\$ 28,480,042</u>	<u>\$ 23,383,794</u>	<u>\$ 20,796,897</u>	<u>\$ 18,116,016</u>	<u>\$ 15,260,737</u>	<u>\$ 17,228,202</u>	<u>\$ 15,445,663</u>	<u>\$ 13,413,373</u>	<u>\$ 19,503,465</u>	<u>\$ 22,366,890</u>
All Other Governmental Funds										
Nonspendable	\$ 648,463	\$ 566,654	\$ 522,364	\$ 484,446	\$ 433,263	\$ 366,676	\$ 359,214	\$ 289,783	\$ 227,903	\$ 201,769
Restricted	2,181,328	1,974,493	1,964,871	1,505,228	1,737,118	1,766,802	2,026,335	26,049	-	-
Unassigned	-	-	-	1,574	(2,315)	(2,880)	-	-	-	-
Total All Other Governmental Funds	<u>\$ 2,829,791</u>	<u>\$ 2,541,147</u>	<u>\$ 2,487,235</u>	<u>\$ 1,991,248</u>	<u>\$ 2,168,066</u>	<u>\$ 2,130,598</u>	<u>\$ 2,385,549</u>	<u>\$ 315,832</u>	<u>\$ 227,903</u>	<u>\$ 201,769</u>
Grand Total All Governmental Fund Balances	<u>31,309,833</u>	<u>25,924,941</u>	<u>23,284,132</u>	<u>20,107,264</u>	<u>17,428,803</u>	<u>19,358,800</u>	<u>17,831,212</u>	<u>13,729,205</u>	<u>19,731,368</u>	<u>22,568,659</u>

(1) Modified accrual basis of accounting

(2) For the fiscal year ending June 30, 2011, the Town implemented GASB Statement No. 54 which changed the way fund balances are classified. Fund balances for 2003 through 2010 have been restated to reflect the change.

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

(4) As restated

Table 4

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

	Fiscal Year									
	2017	2016	2015 (3)	2014	2013	2012	2011	2010	2009	2008
<b>Revenues</b>										
<b>Taxes</b>										
Property	\$ 4,376,741	\$ 4,333,618	\$ 3,589,471	\$ 3,554,811	\$ 3,110,613	\$ 3,065,669	\$ 3,006,272	\$ 3,053,658	\$ 2,898,687	\$ 2,775,831
Sales	1,891,739	1,876,235	1,810,171	1,768,371	1,589,154	1,562,926	1,547,345	1,483,290	1,558,600	1,599,479
Prepared Meals	6,928,924	6,683,891	6,357,292	6,119,575	6,163,941	5,622,786	5,407,998	4,503,818	4,684,404	4,617,826
Transient Lodging	1,673,548	1,547,110	1,410,294	1,286,145	1,303,425	919,745	812,331	748,701	851,512	950,000
Business License	2,443,328	2,366,398	2,236,295	2,146,259	-	-	-	-	-	-
Franchise	794,033	709,970	726,136	811,550	-	-	-	-	-	-
Cigarette	513,200	562,770	554,155	606,416	-	-	-	-	-	-
Other	1,205,662	1,238,258	2,026,356	2,016,969	5,454,370	5,277,657	5,344,305	5,315,902	5,288,368	4,498,937
Permits, fees and licenses	338,511	267,369	272,733	157,471	170,580	190,405	131,369	203,998	137,796	191,857
Revenues from use of property	304,427	217,650	231,905	224,381	217,128	218,058	255,366	94,201	115,805	124,071
Investment earnings	285,287	264,698	315,432	237,628	228,040	222,813	254,350	263,518	486,131	1,081,113
Charges for services	3,475,354	3,406,325	2,565,697	2,431,854	2,414,843	2,496,336	2,273,848	1,469,275	1,399,895	1,214,173
Intergovernmental	8,542,629	6,355,819	5,305,125	4,992,332	4,415,617	4,806,749	4,118,010	4,645,374	3,749,731	3,520,364
Fines and forfeitures	76,994	95,980	158,669	147,646	172,565	126,702	95,038	118,559	86,924	95,025
Cemetery	96,401	97,512	29,565	44,515	28,930	27,905	36,769	24,865	102,077	28,420
Miscellaneous	520,429	525,798	994,841	942,622	389,461	343,167	1,503,408	236,187	1,088,110	714,274
<b>Total Revenues Governmental Funds</b>	<b>\$ 33,467,207</b>	<b>\$ 30,549,401</b>	<b>\$ 28,584,138</b>	<b>\$ 27,488,546</b>	<b>\$ 25,658,667</b>	<b>\$ 24,880,918</b>	<b>\$ 24,786,409</b>	<b>\$ 22,161,346</b>	<b>\$ 22,448,040</b>	<b>\$ 21,411,370</b>
<b>Expenditures</b>										
General Government	\$ 2,957,429	\$ 5,067,749	\$ 2,400,235	\$ 2,297,456	\$ 2,021,703	\$ 1,855,373	\$ 2,077,241	\$ 1,937,708	\$ 1,701,156	\$ 1,618,229
Public Safety	9,229,494	10,199,486	8,147,492	7,857,842	7,720,095	7,577,856	6,806,897	6,858,588	6,488,748	5,909,555
Public Works	6,645,359	6,801,167	5,330,341	5,358,991	5,133,789	4,859,519	4,848,285	5,079,978	4,444,111	4,630,843
Health and Welfare	3,882	3,697	3,521	3,353	3,193	3,193	3,100	3,100	3,040	2,700
Parks, Recreation, and Culture	4,471,939	4,915,799	4,001,327	3,848,610	3,786,915	3,707,420	3,439,568	2,442,144	1,971,657	1,711,966
Community Development	1,451,493	1,521,739	1,519,444	1,251,397	1,349,522	1,276,907	1,132,826	1,374,850	1,258,527	1,971,207
Capital Outlay	2,408,073	565,978	2,838,508	5,059,998	6,325,556	2,738,124	1,897,842	8,723,878	7,188,705	8,541,739
Debt Service										
Principal retirement	785,580	560,440	767,100	600,000	575,000	550,000	530,000	515,000	490,000	415,000
Interest and fiscal charges	235,783	272,569	276,924	207,461	536,163	561,175	583,981	604,544	623,324	590,851
Bond issuance cost	-	30,883	-	31,780	-	-	-	-	-	-
<b>Total Expenditures Governmental Funds</b>	<b>\$ 28,189,032</b>	<b>\$ 29,939,507</b>	<b>\$ 25,284,891</b>	<b>\$ 26,516,888</b>	<b>\$ 27,451,936</b>	<b>\$ 23,129,567</b>	<b>\$ 21,319,740</b>	<b>\$ 27,539,790</b>	<b>\$ 24,169,268</b>	<b>\$ 25,392,090</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>\$ 5,278,175</b>	<b>\$ 609,894</b>	<b>\$ 3,299,247</b>	<b>\$ 971,657</b>	<b>\$ (1,793,269)</b>	<b>\$ 1,751,351</b>	<b>\$ 3,466,669</b>	<b>\$ (5,378,444)</b>	<b>\$ (1,721,228)</b>	<b>\$ (3,980,720)</b>
<b>Other Financing Sources and (Uses)</b>										
Insurance Recoveries	\$ -	\$ -	\$ 195	\$ 27,075	\$ -	\$ 2,321	\$ 48,852	\$ 84,002	\$ 28,945	\$ 75,800
Issuance of Debt	-	2,014,000	-	1,654,400	-	-	-	-	-	2,050,979
Issuance of Refunding Debt	-	1,315,000	-	9,394,900	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(1,298,086)	-	(9,369,569)	-	-	-	-	-	-
Sale of Land	-	-	-	-	-	-	-	-	83,500	589,694
Capital Contributions Cemetery	-	-	-	-	-	-	-	-	56,948	240,030
Transfers (to) from:										
Water and Sewer Fund	-	-	-	-	-	(226,084)	(323,096)	(707,721)	(1,315,045)	(1,030,816)
<b>Total Other Financing Sources and (Uses)</b>	<b>\$ -</b>	<b>\$ 2,030,914</b>	<b>\$ 195</b>	<b>\$ 1,706,806</b>	<b>\$ -</b>	<b>\$ (223,763)</b>	<b>\$ (274,244)</b>	<b>\$ (623,719)</b>	<b>\$ (1,145,652)</b>	<b>\$ 1,925,687</b>
<b>Special Items</b>										
Transfer of funds from(to) other organizations	\$ -	\$ -	\$ -	\$ -	\$ (136,728)	\$ -	\$ 909,580	\$ -	\$ -	\$ -
<b>Net Changes in Fund Balance Increases (Decreases)</b>	<b>\$ 5,278,175</b>	<b>\$ 2,640,808</b>	<b>\$ 3,299,442</b>	<b>\$ 2,678,463</b>	<b>\$ (1,929,997)</b>	<b>\$ 1,527,588</b>	<b>\$ 4,102,005</b>	<b>\$ (6,002,163)</b>	<b>\$ (2,866,880)</b>	<b>\$ (2,055,033)</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>4.23%</b>	<b>3.49%</b>	<b>4.57%</b>	<b>3.73%</b>	<b>5.22%</b>	<b>5.08%</b>	<b>5.64%</b>	<b>5.43%</b>	<b>6.34%</b>	<b>5.64%</b>

(1) Modified accrual basis of accounting

(2) Previously included in Other Taxes

(3) As restated

Table 5

Town of Christiansburg, Virginia  
General Government Revenues by Source  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, and Regulatory Licenses	Fines and Forfeitures	Revenues from Use of Money and Property	Charges for Services	Miscellaneous	Inter- governmental	Total	Business-Type Activities Water and Sewer
2016-2017	\$ 4,376,741	\$ 15,546,835	\$ 338,511	\$ 76,994	\$ 589,714	\$ 3,475,354	\$ 520,429	\$ 8,542,629	\$ 33,467,207	\$ 10,311,618
2015-2016	4,333,618	14,984,632	267,369	95,980	482,348	3,503,837	525,798	6,355,819	30,549,401	8,824,901
2014-2015	3,589,471	15,120,700	272,733	158,669	511,764	2,565,697	164,506	4,250,618	26,634,158	7,800,301
2013-2014	3,554,811	14,755,286	157,471	147,646	431,073	2,431,854	203,229	3,947,753	25,629,122	7,031,292
2012-2013	3,110,613	14,510,890	170,580	172,565	413,751	2,414,843	270,265	3,821,443	24,884,950	7,114,583
2011-2012	3,065,669	13,383,114	190,405	126,702	413,404	2,433,381	223,909	3,802,224	23,638,808	6,613,507
2010-2011	3,006,273	13,111,979	131,369	95,038	489,477	2,207,153	257,939	3,797,190	23,096,418	5,855,965
2009-2010	3,053,658	12,051,711	203,998	118,559	349,955	1,397,405	227,265	3,685,031	21,087,582	5,932,787
2008-2009	2,898,687	12,382,884	137,796	86,924	592,416	1,399,895	1,088,110	3,749,731	22,336,443	5,602,405
2007-2008	2,775,831	11,666,242	191,857	95,025	1,203,765	1,214,173	714,274	3,520,364	21,381,531	5,395,895

Table 6

Town of Christiansburg, Virginia  
General Government Expenditures by Source  
Last Ten Fiscal Years

Fiscal Year	General Administration	Public Safety	Public Works	Health and Welfare	Parks, Recreation, and Culture	Community Development	Debt Service	Capital Outlay	Total
2016-2017	\$ 2,957,429	\$ 9,229,494	\$ 6,645,359	\$ 3,882	\$ 4,471,939	\$ 1,451,493	\$ 1,021,363	\$ 2,408,073	\$ 28,189,032
2015-2016	5,067,749	10,199,486	6,801,167	3,697	4,915,799	1,512,739	863,892	565,978	29,930,507
2014-2015	2,400,235	7,477,105	5,330,341	3,521	3,811,821	1,519,444	1,044,024	1,645,765	23,232,256
2013-2014	2,297,456	7,292,489	5,358,991	3,353	3,699,923	1,251,397	839,241	3,582,482	24,325,332
2012-2013	2,021,703	7,283,535	5,137,107	3,193	3,636,842	1,349,522	1,111,163	5,589,922	26,132,987
2011-2012	1,855,373	7,052,940	4,859,519	3,193	3,569,779	1,276,907	1,111,175	1,792,966	21,521,852
2010-2011	2,077,241	6,661,587	4,848,285	3,100	3,286,646	1,132,826	1,113,981	1,369,232	20,492,898
2009-2010	1,937,708	6,629,215	5,079,978	3,100	2,305,876	1,374,850	1,119,544	7,962,920	26,413,191
2008-2009	1,701,156	6,488,748	4,444,111	3,040	1,845,749	1,258,527	1,113,324	7,188,705	24,043,360
2007-2008	1,618,229	5,909,555	4,630,843	2,700	1,673,455	1,906,079	1,005,851	8,288,726	25,035,438

Table 7

Town of Christiansburg, Virginia  
Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Calendar Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility		Total Assessed Value	Total Direct Rate(1)	Montgomery County Overlapping Rate (1)
						Unequalized	Equalized			
2016-2017	2016	\$ 2,035,888,480	\$ 213,349,806	\$ 64,732,027	\$ 3,835,440	\$ 52,854,027	\$ 175,579	\$ 2,370,835,359	0.16	0.27
2015-2016	2015	2,024,104,291	193,280,940	62,480,906	3,674,240	52,133,700	193,316	2,335,867,393	0.16	0.27
2014-2015	2014	2,013,143,620	199,319,596	61,964,189	3,817,340	49,944,236	212,391	2,328,401,372	0.16	0.27
2013-2014	2013	1,991,227,235	182,742,592	58,797,381	3,754,580	47,981,238	251,828	2,284,754,854	0.16	0.27
2012-2013	2012	1,964,857,942	169,222,259	58,217,830	3,711,380	46,414,195	131,577	2,242,555,183	0.15	0.25
2011-2012	2011	1,949,865,483	160,842,432	59,378,139	3,627,208	47,101,275	164,323	2,220,978,860	0.15	0.24
2010-2011	2010	1,939,744,614	157,249,218	60,573,302	4,792,800	44,162,714	123,171	2,206,645,819	0.15	0.24
2009-2010	2009	1,915,422,886	143,984,570	62,321,082	4,792,700	43,501,590	44,276	2,170,067,104	0.14	0.23
2008-2009	2008	1,863,401,200	149,368,176	63,056,712	4,579,840	40,896,193	46,137	2,121,348,258	0.15	0.24
2007-2008	2007	1,801,033,201	141,571,898	65,343,649	4,607,360	40,715,462	42,329	2,053,313,899	0.15	0.23

Property Tax Rates - Last Ten Years

Fiscal Year	Calendar Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility	
						Unequalized	Equalized
2016-2017	2016	\$ .1600	\$ .45	\$ .45	\$ .1600	\$ .1600	\$ .45
2015-2016	2015	.1600	.45	.45	.1600	.1600	.45
2014-2015	2014	.1300	.45	.45	.1300	.1300	.45
2013-2014	2013	.1300	.45	.45	.1300	.1300	.45
2012-2013	2012	.1126	.45	.45	.1126	.1126	.45
2011-2012	2011	.1126	.45	.45	.1126	.1126	.45
2010-2011	2010	.1126	.45	.45	.1126	.1126	.45
2009-2010	2009	.1126	.45	.45	.1126	.1126	.45
2008-2009	2008	.1126	.45	.45	.1126	.1126	.45
2007-2008	2007	.1126	.45	.45	.1126	.1126	.45

(1) Per \$100 of assessed value

NOTE: Real property is assessed at full market value. Real property assessments are made by the Commissioner of Revenue of Montgomery County for concurrent use of the County and the Town. Property is reassessed every four years. Public Service Corporations are assessed by the State Corporation Commission. Both Real Estate and Public Service rates are \$.16.

Table 8

Town of Christiansburg, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections To Date	
		Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2016-2017	\$ 4,368,110	\$ 4,271,079	97.78%	\$ 70,726	\$ 4,341,805	99.40%
2015-2016	4,283,977	4,174,249	97.44%	16,171	4,190,420	97.82%
2014-2015	3,292,944	3,178,960	96.54%	62,638	3,241,599	98.44%
2013-2014	3,743,915	3,661,201	97.79%	37,507	3,698,708	98.79%
2012-2013	3,292,944	3,246,188	98.58%	49,878	3,296,066	100.09%
2011-2012	3,244,401	3,042,243	93.77%	195,005	3,237,248	99.78%
2010-2011	3,220,032	3,156,754	98.03%	54,612	3,211,366	99.73%
2009-2010	3,139,720	3,083,654	98.21%	48,220	3,131,874	99.75%
2008-2009	3,105,515	3,050,888	98.24%	47,462	3,098,350	99.77%
2007-2008	3,010,307	2,928,389	97.28%	74,958	3,003,347	99.77%

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

(2) Includes refunds issued for overpayments.

Table 9

Town of Christiansburg, Virginia  
Principal Property Tax Payers  
Last Three Fiscal Years

Taxpayer	Fiscal Year 2017			Fiscal Year 2016			Fiscal Year 2015		
	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	\$ 72,952,000	1	3.51%	\$ 73,752,400	1	3.64%	\$ 62,649,100	1	3.15%
Shelor Properties	60,411,000	2	2.91%	62,356,000	2	3.08%	62,356,000	2	3.13%
PR Financing	-		0.00%	58,400,000	3	2.89%	58,400,000	3	2.93%
NRV Mall Associates	47,400,000	3				0.00%			
Appalachian Power	24,256,800	4	1.17%	27,292,500	4	1.35%	26,749,900	4	1.34%
Verizon VA, Inc.			0.00%			0.00%	25,582,800	5	1.28%
CENTRO Heritage Spradling Farm	24,845,800	5	1.20%	24,815,800	5	1.23%	24,815,800	6	1.25%
PR New River Owner LP			0.00%	24,472,800	6	1.21%	24,472,800	7	1.23%
BRE RC New River VA LLC	24,472,800	6				0.00%			
Wal-Mart	15,831,400	7	0.76%	15,831,400	7	0.78%	15,831,400	8	0.80%
Backcountry.com	14,432,300	8	0.69%	14,432,300	8	0.71%	14,432,300	9	0.72%
Christiansburg Market Place	12,667,200	9	0.61%	12,667,200	9	0.63%	12,667,200	10	0.64%
Harvey Hubble Inc	10,551,000	10	0.51%	10,546,900	10	0.52%			
	<u>\$ 307,820,300</u>		<u>11.35%</u>	<u>\$ 324,567,300</u>		<u>16.04%</u>	<u>\$ 327,957,300</u>		<u>16.47%</u>

Source: Montgomery County Commissioner of Revenue

Table 10

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

	Fiscal Year																		
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008									
<u>WATER</u>																			
INSIDE TOWN LIMITS																			
4,000 OR LESS	\$	\$	21.00	\$	18.00	\$	17.00	\$	16.00	\$	13.80	\$	13.30	\$	13.00	\$	12.00		
2,000 OR LESS*		11.00	10.50																
PER THOUSAND FOR NEXT 96,000			5.90		5.50		4.90		4.60		4.40		4.00		3.70		3.55		3.45
PER THOUSAND FOR NEXT 48,000*		6.14	5.90																
PER THOUSAND FOR NEXT 5,900,000			3.50		3.20		2.90		2.60		2.40		2.20		2.20		2.20		2.10
PER THOUSAND FOR NEXT 2,950,000*		4.00	3.50																
OUTSIDE TOWN LIMITS																			
4,000 OR LESS	\$	\$	31.50	\$	28.50	\$	27.00	\$	25.50	\$	24.00	\$	20.70	\$	19.95	\$	19.50	\$	18.00
2,000 OR LESS*		16.50	15.75																
PER THOUSAND FOR NEXT 96,000			8.85		8.25		7.35		6.90		6.60		6.00		5.55		5.32		5.175
PER THOUSAND FOR NEXT 48,000*		9.21	8.85																
PER THOUSAND FOR NEXT 5,900,000			5.25		4.80		4.35		3.90		3.60		3.30		3.30		3.30		3.15
PER THOUSAND FOR NEXT 2,950,000*		6.00	5.25																
<u>SEWER</u>																			
INSIDE TOWN LIMITS																			
0-4,000	\$	\$	30.00	\$	28.00	\$	28.00	\$	27.00	\$	26.00	\$	23.00	\$	23.00	\$	22.00	\$	20.00
2,000 OR LESS*		15.00	15.00																
PER THOUSAND FOR NEXT 96,000			8.50		8.50		7.50		7.20		7.00		6.00		5.70		5.65		4.40
PER THOUSAND FOR NEXT 48,000*		8.50	8.50																
PER THOUSAND FOR NEXT 5,900,000			8.50		8.50		7.50		7.20		7.00		6.00		5.70		5.65		4.40
PER THOUSAND FOR NEXT 2,950,000*		8.50	8.50		-		-		-		-		-		-		-		-
OUTSIDE TOWN LIMITS																			
0-4,000	\$	\$	45.00	\$	42.00	\$	42.00	\$	40.50	\$	39.00	\$	34.50	\$	34.50	\$	33.00	\$	30.00
2,000 OR LESS		22.50	22.50																
PER THOUSAND FOR NEXT 96,000			12.75		12.75		11.25		10.80		10.50		9.00		8.55		8.47		6.60
PER THOUSAND FOR NEXT 48,000*		12.75	12.75																
PER THOUSAND FOR NEXT 5,900,000			12.75		12.75		11.25		10.80		10.50		9.00		8.55		8.47		8.47
PER THOUSAND FOR NEXT 2,950,000*		12.75	12.75		-		-		-		-		-		-		-		-
<u>GARBAGE</u>																			
INSIDE TOWN LIMITS BIMONTHLY	\$	\$	34.00	\$	34.00	\$	34.00	\$	33.00	\$	33.00	\$	30.00	\$	30.00	\$	30.00	\$	26.00
INSIDE TOWN LIMITS MONTHLY*		17.00	17.00																
OUTSIDE TOWN LIMITS BIMONTHLY			51.00		51.00		51.00		49.50		48.00		45.00		45.00		45.00		39.00
OUTSIDE TOWN LIMITS MONTHLY*		25.50	25.50																

\* Late in 2016 the Town changed its billing cycle from bimonthly to monthly. Rates and usage amounts were 1/2 of the previous amounts. Minimum usage went from 4000 to 2000 gallons on a monthly basis and the rate was also reduced to 1/2 of the bimonthly rate.

Town of Christiansburg, Virginia  
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value of All Taxable Property (In Thousands)	Gross Bonded Debt	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Services Monies Available	Debt Payable from Enterprise Revenues			
2016-2017	22,088	\$ 2,370,835	\$ 19,360,672	\$ -	\$ -	\$ 19,360,672	.0082:1	\$ 876.52
2015-2016	21,943	2,335,867	21,172,839	-	-	21,172,839	.0091:1	964.90
2014-2015	21,805	2,328,401	20,649,474	-	-	20,649,474	.0090:1	947.01
2013-2014	21,533	2,284,755	22,176,561	-	-	22,176,561	.0097:1	1029.89
2012-2013	21,458	2,242,555	17,483,842	-	-	17,483,842	.0078:1	814.79
2011-2012	21,030	2,250,906	18,824,174	-	-	18,824,174	.0083:1	895.11
2010-2011	21,041	2,206,646	20,058,475	-	-	20,058,475	.0091:1	953.30
2009-2010	21,041	2,170,067	21,247,271	-	-	21,247,271	.0098:1	1009.80
2008-2009	19,632	2,121,348	22,402,375	-	-	22,402,375	.0105:1	1141.12
2007-2008	19,507	2,053,314	23,431,641	-	-	23,431,641	.0114:1	1201.19

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

Town of Christiansburg, Virginia  
Schedule of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Funds General Obligation Debt									Business-Type Activities					
	1995 General Obligation Note	2014 Revenue Bond Refunding	2014 General Obligation Bond	2014 General Obligation Improvement Bond	2015 General Obligation Bond	2016 General Obligation Bond	2007 Revenue Bond	2004B Revenue Bond	Bond Premiums	2014 General Obligation Bond	2001 VA Revolving Loan Fund	1998 VA Revolving Loan Fund	Total Primary Government	Percentage Personal Income	Per Capita
2016-2017	\$ -	\$ 9,021,600	\$ 932,580	\$ -	\$ 1,831,000	\$ 1,285,000	\$ 90,000	\$ -	\$ -	\$ 3,306,420	\$ 2,692,539	\$ 201,533	\$ 19,360,672	**	**
2015-2016	-	9,170,000	991,760	275,000	2,014,000	1,315,000	(1) 180,000	-	5,747	3,516,240	3,309,280	395,812	21,172,839	**	**
2014-2015	-	9,284,900	1,049,400	577,900	-	-	1,480,000	-	48,587	3,720,600	3,904,989	583,098	20,649,474	2.85%	959
2013-2014	275,000	9,394,900	1,049,400	605,000	-	-	1,560,000	275,000	52,636	3,720,600	4,480,383	763,642	22,176,561	3.24%	1,033
2012-2013	535,000	-	-	-	-	-	1,635,000	9,340,000	56,685	-	5,036,155	937,687	17,483,842	2.70%	815
2011-2012	780,000	-	-	-	-	-	1,710,000	9,595,000	60,734	-	5,572,974	1,105,466	18,824,174	2.98%	895
2010-2011	1,015,000	-	-	-	-	-	1,780,000	9,840,000	64,783	-	6,091,486	1,267,206	20,058,475	3.29%	954
2009-2010	1,240,000	-	-	-	-	-	1,845,000	10,080,000	66,832	-	6,592,316	1,423,123	21,247,271	3.65%	1,010
2008-2009	1,455,000	-	-	-	-	-	1,910,000	10,315,000	72,881	-	7,076,066	1,573,428	22,402,375	4.03%	1,065
2007-2008	1,660,000	-	-	-	-	-	1,970,000	10,540,000	-	-	7,543,319	1,718,322	23,431,641	4.24%	1,194

Notes:

Population data (See Schedule 14)

Personal Income data (See Schedule 14)

\*\* Data not yet available

(1) Advance refunded this debt on 6-23-2016

Town of Christiansburg, Virginia  
Legal Debt Margin  
Last Ten Fiscal Years

Legal Debt Limit: Calculation for the Fiscal Year Ended June 30, 2017

10% of assessed value of taxable real estate (1)	\$ 2,088,742,507	\$ 208,874,251
Less: Debt applicable to limit		
Bonds payable	\$ 19,360,672	
Legal margin for creation of additional debt	\$ 189,513,579	

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limit	\$ 208,874,251	207,623,799	\$ 206,308,786	\$ 203,920,847	\$ 201,127,214	\$ 202,262,130	\$ 198,390,733	\$ 190,429,739	\$ 195,892,448	\$ 190,429,739
Total net debt applicable to limit	19,360,672	21,172,839	20,649,474	22,176,561	11,510,000	12,085,000	12,635,000	13,680,000	13,165,000	13,680,000
Legal debt margin	\$ 228,234,923	228,796,638	\$ 226,958,260	\$ 226,097,408	\$ 212,637,214	\$ 214,347,130	\$ 211,025,733	\$ 204,109,739	\$ 209,057,448	\$ 204,109,739
Total net debt applicable to the limit as a percentage of debt limit	9.27%	10.20%	10.01%	10.88%	5.72%	5.97%	6.37%	7.18%	6.72%	7.18%

Table 14

Town of Christiansburg, Virginia  
Demographic Statistics  
Last Ten Fiscal Years

Fiscal Year Ended	Population (1)	Total Personal Income in Thousands of Dollars (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2017	22,088	**	**	3.70%
2016	21,943	**	**	4.50%
2015	21,805	\$ 3,818,058	\$ 33,184	4.20%
2014	21,533	3,649,374	31,800	5.90%
2013	21,458	3,432,745	30,150	6.50%
2012	21,030	3,378,910	30,078	6.80%
2011	21,041	3,232,354	28,961	7.40%
2010	21,041	3,068,848	27,636	7.30%
2009	19,632	3,114,684	28,281	5.83%
2008	19,507	3,087,546	28,319	3.60%

Notes:

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

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

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

(4) Unemployment data is as of June 30.

\*\* Data not yet available

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

Employer	Fiscal Year 2017		Fiscal Year 2008	
	Number of Employees	Rank	Number of Employees	Rank
Montgomery County School Board	1,000 and over employees	1	1,000 and over employees	1
Echosphere Corporation (Dish Network)	500 to 999 employees	2	500 to 999 employees	2
Kroger	500 to 999 employees	3	250 to 499 employees	3
Town of Christiansburg	250 to 499 employees	4	250 to 499 employees	9
County of Montgomery	250 to 499 employees	5	250 to 499 employees	5
Shelor Motor Mile, Inc.	250 to 499 employees	6	250 to 499 employees	7
Wal-Mart	250 to 499 employees	7	250 to 499 employees	4
Corning Glass Works	250 to 499 employees	8	250 to 499 employees	8
Community Housing Partners	250 to 499 employees	9	100 to 249 employees	10
Hubbell Lighting	250 to 499 employees	10	250 to 499 employees	6
Food Lion	100 to 249 employees	11	100 to 249 employees	12
Backcountry.com	100 to 249 employees	12	N/A	N/A
Lowes Home Centers, Inc.	100 to 249 employees	13	100 to 249 employees	15
Cracker Barrel Old Country Store	100 to 249 employees	14	100 to 249 employees	17
Target Corp.	100 to 249 employees	15	100 to 249 employees	13
Macado's, Inc.	100 to 249 employees	16	100 to 249 employees	18
Postal Service	100 to 249 employees	17	100 to 249 employees	19
The Home Depot	100 to 249 employees	18	100 to 249 employees	22
Red Lobster and The Olive Garden	100 to 249 employees	19	100 to 249 employees	21
Fairfield Inn & Suites	100 to 249 employees	20	N/A	N/A
Comprehensive Computer Solutions	100 to 249 employees	21	N/A	N/A
Texas Roadhouse	100 to 249 employees	22	100 to 249 employees	23
Panera Bread	100 to 249 employees	23	N/A	N/A
Valley Landscaping Inc.	100 to 249 employees	24	N/A	N/A
National Bank of Blacksburg	less than 50	25	50 to 99 employees	25
First National Bank (StellarOne)	less than 50	26	100 to 249 employees	11
Belk's	less than 50	27	N/A	N/A
Jimmy John's	less than 50	28	N/A	N/A
Wades Supermarket	less than 50	29	less than 50	27
Virginia Department of Transportation	less than 50	30	100 to 249 employees	20
Manpower International	N/A	N/A	100 to 249 employees	14
Sears Roebuck and Company, Inc.	N/A	N/A	50 to 99 employees	26
C&S Door	N/A	N/A	100 to 249 employees	16
OS Restaurant Services	N/A	N/A	50 to 99 employees	24

Source: Virginia Employment Commission

Table 16

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

Function	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Administration										
Town Manager's office	5.0	5.0	5.0	5.0	5.0	8.5	10.5	12.0	6.5	9.0
Planning	3.0	4.0	3.5	3.0	3.0	2.0	3.0	2.0	2.0	2.0
Treasurer/Finance	13.0	13.0	13.0	11.0	11.0	10.0	10.0	10.0	11.0	12.5
Human Resources	4.0	2.0	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.5
Public Relations	2.0	2.0	1.5	1.5	1.5	1.5	1.5	1.0	-	-
Information Technology	2.0	3.0	3.0	3.0	2.0	1.5	2.0	2.0	-	-
Public Safety										
Police	68.0	74.0	73.0	73.5	73.5	72.5	73.0	73.0	70.0	71.5
Fire	3.0	3.0	3.0	1.5	1.5	1.5	2.0	2.0	1.5	1.0
Rescue	3.0	3.0	3.5	3.5	3.5	1.0	1.0	1.0	1.0	1.0
Public Works										
Maintenance	6.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Sanitation	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Streets	40.0	36.0	36.0	36.0	35.0	33.0	35.0	35.0	33.5	34.0
Water	24.0	36.0	36.0	36.0	36.0	32.0	36.0	36.0	36.0	36.0
Plant Operations	14.0	11.0	11.0	10.5	10.5	11.5	11.5	11.5	11.0	11.0
Engineering	12.0	11.0	11.0	9.0	10.0	10.0	10.0	10.0	10.0	10.0
Building Inspections	4.0	4.0	4.0	5.0	5.0	4.5	5.0	5.0	4.0	4.0
Parks and Recreation	80.0	79.0	79.0	78.0	79.0	79.0	86.0	86.0	79.5	90.0
Aquatics	55.0	40.0	40.5	40.5	40.5	40.5	34.0	34.0	3.0	-
Cemetery	2.0	2.0	2.0	1.0	1.0	1.5	2.0	2.0	2.0	1.0
Totals	350.0	342.0	340.5	333.5	333.5	325.5	337.5	337.5	286.0	298.5
Fire Department Volunteers	38.0	38.0	38.0	37.0	36.0	35.0	35.0	35.0	34.0	35.0
Rescue Department Volunteers	95.0	75.0	75.0	75.0	75.0	75.0	67.0	67.0	67.0	67.0

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

Table 17

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

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>General Government</b>										
Building/zoning permits issued	2,019	1,436	198	1,738	1,546	1,071	954	896	695	854
Conditional use permits approved	6	9	1	3	3	8	11	11	**	13
Rezoning requests approved	1	3	2	1	3	-	7	8	**	6
Streets approved for vacation	2	-	-	-	4	1	-	-	**	5
Amendments to Town Code/Ordinances	2	2	3	6	13	11	8	6	**	6
<b>Public Safety</b>										
<b>Police</b>										
Criminal offenses	2,241	1,955	2,133	2,346	2,494	2,810	2,790	2,736	2,946	2,984
Traffic warrants	3,505	4,043	5,211	5,817	7,306	7,258	5,671	5,985	5,884	6,331
Parking violations	157	149	88	445	88	424	385	537	330	193
Patrol miles driven	595,906	574,459	622,187	635,316	632,669	581,393	566,732	527,435	534,832	511,295
<b>Fire</b>										
Christiansburg calls answered	508	505	416	484	549	564	527	569	477	487
County calls answered	398	323	317	320	336	280	316	343	312	341
Total calls answered	906	828	733	804	885	844	843	912	789	828
<b>Rescue</b>										
Christiansburg calls answered	3,349	2,883	2,792	2,596	2,575	2,610	2,287	2,684	2,466	2,206
County calls answered	1,214	1,141	1,195	1,174	1,139	997	1,247	2,142	1,677	1,434
Total calls answered	4,563	4,024	3,987	3,770	3,714	3,607	3,534	4,826	4,143	3,640
<b>Public Works</b>										
<b>Sanitation</b>										
Trash removal in tons	8,913	8,185	7,089	8,671	9,545	8,387	8,727	9,370	9,917	12,831
Spring and fall cleanup in tons										
Junk	741.34	856.56	631.12	592.46	393.66	514.70	383.73	660.17	706.09	825.55
Leaves	599.50	870.75	865.75	530.25	821.00	613.50	436.48	576.56	395.77	482.81
Brush	290.06	307.29	446.00	367.64	182.46	249.60	138.96	271.14	188.00	202.60
<b>Recycling in pounds</b>										
Papers	178,760	110,980	685,560	614,980	624,660	568,780	480,106	488,600	573,280	479,020
Containers	1,110,360	1,018,440	471,960	415,940	385,860	350,240	308,960	283,940	246,200	191,000
Total pounds recycled	1,289,120	1,129,420	1,157,520	1,030,920	1,010,520	919,020	789,066	772,540	819,480	670,020
<b>Streets</b>										
Principal/minor arterial lane miles	46.93	46.93	46.93	46.93	45.75	45.75	45.75	45.75	45.75	45.69
Principal/minor arterial center lane miles	15.90	15.90	15.90	15.90	15.31	15.31	15.31	15.31	15.31	15.31
Collector/local streets lane miles	206.03	206.03	206.03	206.03	202.98	202.98	202.98	202.98	195.22	194.10
Collector/local streets center lane miles	102.83	102.83	102.83	102.83	101.15	101.15	101.15	101.15	97.27	96.71
<b>Sidewalks installed new and replaced in linear feet</b>										
Storm drains installed in linear feet	2,715	-	-	570	912	1,247	-	-	-	112
Street lights installed	1,952	-	874	1,620	128	1,628	615	1,159	1,040	952
Street signs new	8	7	12	16	33	21	28	22	25	59
Street signs repaired or replaced	45	40	37	49	66	76	39	39	279	131
Total street signs	184	164	507	168	120	310	310	310	140	190
<b>Water</b>										
New water services installed, net of removed	6,232	6,187	6,147	6,110	6,061	5,995	5,919	5,919	5,879	5,596
Total water customers in Town	121	101	74	70	89	47	57	57	96	105
New water services installed Out of Town	9,946	9,825	9,724	648	578	489	442	385	328	232
Accumulative water services Out of Town	6	6	4	6	9	2	10	16	14	15
Total water services In and Out of Town	517	511	505	80	74	65	63	53	37	23
	10,463	10,336	10,229	728	652	554	505	438	365	255

(continued)

Table 17

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

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Water</b>										
Water consumption in gallons Town System	834,563,873	1,059,990,615	559,161,576	824,099,330	521,310,359	536,192,792	512,486,032	560,896,508	629,847,030	447,839,220
Water consumption in gallons Water Authority Main	-	-	-	-	-	-	-	-	-	131,536,990
Montgomery County PSA	81,528,160	63,279,923	34,907,969	54,700,580	97,164,800	129,101,324	106,402,000	102,156,000	101,256,000	106,804,700
Total water consumption	916,092,033	1,123,270,538	594,069,545	878,799,910	618,475,159	665,294,116	618,888,032	663,052,508	731,103,030	686,180,910
New water mains installed in linear feet	9,951	1,855	2,314	12,542	1,727	6,400	2,545	2,897	10,211	11,376
Cumulative water mains, feet	829,832	819,881	818,026	815,712	803,170	801,442	795,042	792,497	789,225	779,014
Cumulative water mains, miles	157.17	155.28	154.93	154.49	152.13	151.79	150.58	150.10	149.47	147.55
<b>Sewer</b>										
New service installed in Town, net of service removed	134	101	74	78	87	43	67	64	84	131
Accumulative services in Town	9,167	9,033	8,932	709	631	544	501	434	370	286
New sewer service installed Out of Town	5	4	2	6	9	2	11	15	12	15
Accumulative services Out of Town	133	128	124	122	116	107	105	94	79	67
Total sewer services In and Out of Town	9,300	9,161	9,056	831	747	651	606	528	449	353
New Sanitary Sewer Gravity Mains installed in linear feet	7,005	2,152	2,152	1,858	3,015	3,919	12,333	15,555	12,446	9,627
New Sanitary Sewer Force Mains installed in linear feet	-	-	-	-	390	-	-	-	-	786
Total sewer system lines in linear feet	873,490	866,485	810,599	808,447	806,589	803,184	799,265	786,932	771,377	771,377
Total sewer system lines in miles	164.43	164.11	154.00	153.11	146.72	147.97	151.38	149.04	146.09	146.09
<b>Waste Water Treatment Plant</b>										
Gallons collected and treated	968,000,000	1,066,000,000	846,000,000	845,000,000	901,000,000	848,700,000	875,000,000	976,932,000	883,148,000	725,500,000
Average number of gallons treated per day	98,000,000	2,900,000	2,317,808	2,300,000	2,468,493	2,318,852	101,932,000	2,676,526	2,419,584	1,987,671
<b>Parks and Recreation</b>										
Number of programs offered										
Youth and community	103	101	91	105	94	100	90	90	109	100
Adult and community	258	228	196	210	202	214	194	199	188	182
Youth athletic	47	47	47	47	46	46	46	48	47	33
Adult athletic	27	23	27	22	23	18	18	18	10	9
Senior citizen	169	168	136	160	169	162	138	167	162	180
Special population	14	13	10	6	8	5	7	7	8	13
Youth special events	9	9	7	8	7	8	9	10	14	22
Adult special events	8	8	7	7	8	8	11	12	14	12
Senior citizen special events	18	18	14	15	19	21	23	18	27	32
Clubs	4	3	1	1	3	2	4	4	5	6
<b>Aquatics ***</b>										
Membership packages sold										
Resident	392	493	457	275	458	664	1,217			
Non resident	540	1,147	515	314	390	570	809			
Day passes sold	30,859	34,025	36,397	28,836	31,274	35,779	42,888			
Birthday parties	206	206	199	271	315	394	407			
Competitive meets	30	28	23	28	25	20	25			
Number of classes	252	371	272	237	207	187	238			
<b>Cemetery ****</b>										
Burials	59	56	82	93	101	70				
Cremations	21	8	19	15	8	11				
Lots sold	38	32	70	62	39	35				
Columbarium units sold	4									

Notes:

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

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

\*\*\*\* The Sunset Cemetery was acquired by the Town on April 1, 2008. It is the Town's intention to gather this information on annual basis moving forward.  
The columbarium was added in fy 2017

Source: Data obtained from Town Department Heads

Table 18

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

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Public Safety</b>										
Law Enforcement Vehicles Patrol	35	35	26	26	26	26	26	26	**	**
Law Enforcement Vehicles detective and vice	14	14	12	12	12	12	12	12	**	**
Law Enforcement Vehicles ERT and Special operations	4	4	13	13	13	13	13	13	**	**
Law Enforcement Vehicles Administrative	5	5	4	4	4	3	3	3	**	**
Fire Fighting Apparatus	9	9	7	7	7	6	6	6	6	6
Fire Response Vehicles	8	8	6	6	6	5	5	5	4	4
Medical Rescue Ambulances	6	5	5	5	5	5	5	5	**	**
Medical Rescue Extraction Vehicles	3	4	3	3	3	3	3	3	**	**
Medical Rescue Response Vehicles other	5	6	8	8	8	6	6	6	**	**
<b>Public Works</b>										
<b>Sanitation</b>										
Trash Collection Vehicles	5	5	4	5	5	5	5	5	5	5
<b>Streets</b>										
Principal/minor arterial lane miles	46.93	46.93	46.93	46.93	45.75	45.75	45.75	45.75	45.75	45.69
Collector/local streets lane miles	206.03	206.03	206.03	206.03	202.98	202.98	202.98	202.98	195.22	194.10
Traffic lights	12	12	18	18	18	18	18	18	18	**
Street lights	1,771	1,763	1,756	1,744	1,750	1,725	1,701	1,665	**	**
<b>Parks and Recreation</b>										
Indoor Aquatic Center	1	1	1	1	1	1	1	***	***	***
Recreation Center	1	1	1	1	1	1	1	1	1	1
Parks mini parks, large and community	14	14	13	13	13	13	13	13	13	13
Trails (miles)	8	7.5	4	4	4	**	**	**	**	**
<b>Business Type Activities Water and Sewer</b>										
Water Mains (miles)		155.28	154.93	154.49	152.13	151.79	150.58	150.10	149.47	147.55
Sewer Mains (miles)		165.21	153.52	153.11	146.72	147.97	151.38	149.04	146.09	146.09

**Notes:**

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

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

Source: Data obtained from Town Department Heads

Town of Christiansburg, Virginia  
 Proprietary Fund Business-type Activities Water and Sewer Fund Statement of Revenues, Expenses, and Changes in Net Position  
 Last Ten Fiscal Years

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Operating Revenues										
Charges for Services:										
Water and Sewer Service Fees	\$ 7,588,435	\$ 7,920,865	\$ 7,085,257	\$ 6,513,234	\$ 6,531,903	\$ 6,265,568	\$ 5,484,183	\$ 5,519,143	\$ 5,292,970	\$ 4,827,387
Water and Wastewater Connection Fees	1,147,510	694,270	543,901	360,598	426,634	347,939	371,782	413,644	309,435	568,508
Penalties and Other	177,697	209,766	171,143	157,460	156,046	147,368	137,934	128,903	121,335	113,561
Total Operating Revenues	\$ 8,913,642	\$ 8,824,901	\$ 7,800,300	\$ 7,031,292	\$ 7,114,583	\$ 6,760,875	\$ 5,993,899	\$ 6,061,690	\$ 5,723,740	\$ 5,509,456
Operating Expenses										
Salaries and Wages	\$ 1,637,894	\$ 1,574,646	\$ 1,898,115	\$ 1,831,465	\$ 1,616,818	\$ 1,575,967	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963	\$ 1,381,847
Employee Benefits	536,071	532,323	256,803	183,657	218,388	240,684	198,480	220,894	231,046	228,264
Water Authority Purchases	1,950,183	1,821,897	1,639,458	1,410,462	1,541,555	1,469,252	1,397,224	1,269,776	1,093,827	970,469
Utilities	513,363	532,195	352,364	384,717	315,547	272,363	286,277	325,957	272,090	178,236
Repairs and Maintenance	195,282	185,580	164,164	173,824	158,658	228,393	282,621	257,696	270,086	291,846
Depreciation and Amortization	1,911,711	1,810,513	1,747,846	1,700,218	1,643,954	1,611,172	1,557,751	1,555,696	1,489,290	1,460,698
Materials and Supplies	479,715	478,304	605,214	604,381	514,909	562,506	610,572	537,265	507,036	493,383
General and Administrative	499,554	307,104	384,284	331,204	419,074	247,278	256,950	248,513	129,684	139,773
Total Operating Expenses	\$ 7,723,773	\$ 7,242,562	\$ 7,048,248	\$ 6,619,929	\$ 6,428,903	\$ 6,207,615	\$ 6,098,405	\$ 5,894,188	\$ 5,468,022	\$ 5,144,516
Operating Income (Loss)	\$ 1,189,869	\$ 1,582,339	\$ 752,052	\$ 411,363	\$ 685,680	\$ 553,260	\$ (104,506)	\$ 167,502	\$ 255,718	\$ 364,940
Nonoperating Revenues (Expenses)										
Interest and Fiscal Charges	\$ (203,738)	\$ (236,459)	\$ (271,118)	\$ (197,523)	\$ (222,543)	\$ (247,560)	\$ (271,290)	\$ (294,198)	\$ (316,315)	\$ (337,667)
Bond Issuance Costs	-	-	-	(26,520)	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	\$ (203,738)	\$ (236,459)	\$ (271,118)	\$ (224,043)	\$ (222,543)	\$ (247,560)	\$ (271,290)	\$ (294,198)	\$ (316,315)	\$ (337,667)
Income (Loss) Before Contributions and Transfers	\$ 986,131	\$ 1,345,880	\$ 480,934	\$ 187,321	\$ 463,137	\$ 305,700	\$ (375,796)	\$ (126,696)	\$ (60,597)	\$ 27,273
Capital Contributions	483,510	95,939	124,736	53,490	45,971	794,819	52,700	74,654	490,222	392,711
Transfers In (Out)	-	-	-	-	-	226,084	323,096	707,721	1,315,045	1,030,816
Change in Net Position	\$ 1,469,641	\$ 1,441,819	\$ 605,670	\$ 240,811	\$ 509,108	\$ 1,326,603	\$ -	\$ 655,679	\$ 1,744,670	\$ 1,450,800
Net Position, Beginning	\$ 33,877,660	\$ 32,656,517	\$ 33,599,856	\$ 33,359,045	\$ 32,001,591	\$ 30,674,988	\$ 30,674,988	\$ 30,019,309	\$ 28,274,639	\$ 26,823,839
Prior Period Adjustment	-	(220,676)	(1,549,009)	-	848,346	-	-	-	-	-
Net Position, Ending	\$ 35,347,301	\$ 33,877,660	\$ 32,656,517	\$ 33,599,856	\$ 33,359,045	\$ 32,001,591	\$ 30,674,988	\$ 30,674,988	\$ 30,019,309	\$ 28,274,639

Table 20

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Water</b>										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 641,837	\$ 724,535	\$ 808,435	\$ 702,525	\$ 489,016	\$ 479,746	\$ 454,598	\$ 468,555	\$ 458,717	\$ 490,744
Fringe benefits - insurance	234,975	158,780	115,705	58,221	57,528	57,603	69,801	73,414	77,921	103,932
Water Authority purchases	1,950,183	1,821,897	1,639,458	1,410,462	1,541,555	1,469,252	1,397,224	1,269,775	1,093,827	970,469
Utilities	31,544	11,552	19,289	25,644	22,641	25,056	27,006	28,408	26,996	18,755
Repairs & maintenance	41,102	39,668	44,722	46,236	52,778	93,710	96,786	115,720	84,498	119,841
Depreciation & amortization	578,158	556,027	366,727	357,654	317,201	362,399	340,940	332,147	313,855	318,787
Materials & supplies	150,093	198,998	119,413	155,440	132,023	143,576	153,964	105,504	103,345	117,005
General & administrative	162,899	136,032	135,702	125,930	152,860	62,839	67,990	57,039	32,227	39,403
Bond payments- principal	244,790									
Bond payments- interest	105,467									
Water Totals	\$ 4,141,048	\$ 3,647,489	\$ 3,249,451	\$ 2,882,112	\$ 2,765,601	\$ 2,694,181	\$ 2,608,309	\$ 2,450,562	\$ 2,191,386	\$ 2,178,936
<b>Waste Water Operations</b>										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 458,735	\$ 444,539	\$ 501,699	\$ 590,433	\$ 462,424	\$ 432,286	\$ 420,184	\$ 388,298	\$ 396,544	\$ 305,338
Fringe benefits - insurance	154,455	128,181	78,565	77,686	88,511	111,848	54,942	67,718	77,650	50,431
Utilities	205,585	103,877	102,372	108,391	99,401	79,636	80,762	95,479	74,083	43,066
Repairs & maintenance	87,135	70,861	53,303	62,904	60,517	85,171	114,995	72,097	91,444	70,934
Depreciation & amortization	538,678	451,616	586,172	569,912	563,514	485,288	466,372	458,528	438,349	441,555
Materials & supplies	102,698	154,658	127,421	104,226	73,088	92,024	156,480	133,397	91,223	66,262
General & administrative	83,346	119,408	126,609	110,181	135,743	66,487	91,179	68,941	35,928	29,227
Professional fees	29,881									
Waste Water Totals	\$ 1,660,513	\$ 1,473,140	\$ 1,576,141	\$ 1,623,733	\$ 1,483,198	\$ 1,352,740	\$ 1,384,914	\$ 1,284,458	\$ 1,205,221	\$ 1,006,813
<b>Waste Water Treatment Plant</b>										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 537,322	\$ 529,123	\$ 587,981	\$ 538,507	\$ 665,379	\$ 663,936	\$ 633,748	\$ 621,538	\$ 619,702	\$ 585,765
Fringe benefits - insurance	146,641	121,811	62,534	47,750	72,349	71,233	73,738	79,762	75,475	73,901
Utilities	276,234	416,766	230,703	250,682	193,505	167,621	178,508	202,071	171,011	116,415
Repairs & maintenance	67,045	75,051	66,138	64,684	45,362	49,512	70,840	69,879	94,144	101,071
Depreciation & amortization	794,874	802,870	794,948	772,652	763,239	763,485	750,439	765,021	737,086	700,356
Materials & supplies	226,924	124,648	358,380	344,715	309,799	326,905	300,128	298,364	312,468	310,116
General & administrative	60,845	51,664	121,973	95,091	130,471	117,953	97,781	122,533	61,530	71,143
Professional fees	162,582									
Bond payments- principal	776,051	987,355	755,938	729,816	704,598	680,252	656,747	634,055	612,147	590,997
Bond payments- interest	98,271	247,254	271,118	197,523	222,543	247,560	271,290	294,198	316,315	337,667
Bond issuance cost		-	-	26,520	-	-	-	-	-	-
Waste Water Treatment Plant Totals	\$ 3,146,789	\$ 3,356,542	\$ 3,249,713	\$ 3,067,940	\$ 3,107,244	\$ 3,088,507	\$ 3,033,219	\$ 3,087,421	\$ 2,999,878	\$ 2,887,431
<b>Totals</b>										
Personal service -										
Salaries, wages, payroll taxes, and retirement	\$ 1,637,894	\$ 1,698,197	\$ 1,898,115	\$ 1,831,465	\$ 1,616,818	\$ 1,575,968	\$ 1,508,530	\$ 1,478,391	\$ 1,474,963	\$ 1,381,847
Fringe benefits - insurance	536,071	408,772	256,804	183,657	218,388	240,684	198,481	220,894	231,046	228,264
Water Authority purchases	1,950,183	1,821,897	1,639,458	1,410,462	1,541,555	1,469,252	1,397,224	1,269,775	1,093,827	970,469
Utilities	513,363	532,195	352,364	384,717	315,547	272,363	286,276	325,958	272,090	178,236
Repairs & maintenance	195,282	185,580	164,163	173,824	158,658	228,393	282,621	257,696	270,086	291,846
Depreciation & amortization	1,911,710	1,810,513	1,747,847	1,700,218	1,643,954	1,611,172	1,557,751	1,555,696	1,489,290	1,460,698
Materials & supplies	479,715	478,304	605,214	604,381	514,909	562,505	610,572	537,265	507,036	493,383
General & administrative	307,090	307,104	384,284	331,202	419,074	247,279	256,950	248,513	129,685	139,773
Professional fees	192,463									
Bond payments- principal	1,020,841	987,355	755,938	729,816	704,598	680,252	656,747	634,055	612,147	590,997
Bond payments- interest	203,738	247,254	271,118	197,523	222,543	247,560	271,290	294,198	316,315	337,667
Totals	\$ 8,948,350	\$ 8,477,171	\$ 8,075,305	\$ 7,573,785	\$ 7,356,043	\$ 7,135,428	\$ 7,026,442	\$ 6,822,441	\$ 6,396,485	\$ 6,073,180

Table 21

Town of Christiansburg, Virginia  
Enterprise Fund Expenses and Bond Payments Breakdown  
For the Year Ended June 30, 2017

	Total	Water	Waste Water	Waste Water Treatment Plant
Personal service - Salaries, wages, payroll taxes, and retirement	\$ 1,637,894	\$ 641,837	458,735	537,322
Fringe benefits - insurance	536,071	234,975	154,455	146,641
Water Authority purchases	1,950,183	1,950,183	-	-
Utilities	513,363	31,544	205,585	276,234
Repairs & maintenance	195,282	41,102	87,135	67,045
Depreciation & amortization	1,911,710	578,158	538,678	794,874
Materials & supplies	479,715	150,093	102,698	226,924
General & administrative	307,090	162,899	83,346	60,845
Professional fees	162,582		-	162,582
Bond payments- principal	1,020,841	244,790	-	776,051
Bond payments- interest	233,619	105,467	29,881	98,271
Totals \$	\$ 8,948,350	\$ 4,141,048	\$ 1,660,513	\$ 3,146,789

Table 22

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

	<u>2017</u>
Operating Revenues	
Charges for Services:	
Storm water monthly fees	\$ 1,366,949
Storm water maintenance & transfer fees	30,319
Penalties and Other	708
Total Operating Revenues	<u>\$ 1,397,976</u>
Operating Expenses	
Salaries and Wages	\$ 167,432
Employee Benefits	25,831
Depreciation and Amortization	34,143
Materials and Supplies	73,338
General and Administrative	100,704
Total Operating Expenses	<u>\$ 401,448</u>
Operating Income (Loss)	\$ 996,528
Nonoperating Revenues (Expenses)	
Interest and Fiscal Charges	\$ -
Bond Issuance Costs	-
Total Nonoperating Revenues (Expenses)	<u>\$ -</u>
Income (Loss) Before Contributions and Transfers	\$ 996,528
Capital Contributions	489,808
Transfers In (Out)	-
Change in Net Position	<u>\$ 1,486,336</u>
Net Position, Beginning	\$ - (2)
Prior Period Adjustment	554,069
Net Position, Ending	<u><u>\$ 2,040,405</u></u>

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

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

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## COMPLIANCE SECTION

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# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Christiansburg, Virginia, as of and for the year ended June 30, 2017, 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 4, 2017.

### Internal Control over Financial Reporting

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

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

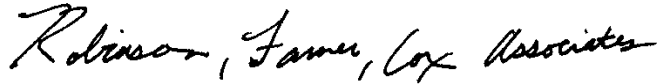
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### Compliance and Other Matters

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

## Purpose of this Report

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

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

Blacksburg, Virginia  
November 4, 2017

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

### Report on Compliance for Each Major Federal Program

We have audited the Town of Christiansburg, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Christiansburg, Virginia's major federal programs for the year ended June 30, 2017. Town of Christiansburg, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the Town of Christiansburg, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Christiansburg, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### *Opinion on Each Major Federal Program*

In our opinion, the Town of Christiansburg, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## Report on Internal Control over Compliance

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

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

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

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



Blacksburg, Virginia  
November 4, 2017

Town of Christiansburg, Virginia  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Equitable Sharing Program	16.922	Not available	\$ 28,573
Bulletproof Vest Partnership Program	16.607	Not available	678
Pass Through Payments:			
<i>Virginia Department of Criminal Justice Service:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17-R1020L016	1,961
<i>Bedford County, Virginia:</i>			
ARRA - Internet Crimes Against Children Task Force Program (ICAC)	16.800	Not available	3,988
Total Department of Justice			\$ 35,200
Department of Transportation:			
Pass Through Payments:			
<i>Virginia Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	SC-17-57328-6977	\$ 5,900
State and Community Highway Safety	20.600	SC-2016-56304-6504	2,992
Subtotal State and Community Highway Safety			\$ 8,892
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2017-57277-6926	\$ 7,131
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2016-56302-6502	2,868
Subtotal Alcohol Impaired Driving Countermeasures Incentive Grants I			9,999
National Priority Safety Programs	20.616	M2HVE-2017-27371-7020	1,190
<i>Montgomery County, Virginia:</i>			
Highway Planning and Construction	20.205	EN09-060-105, P101, C501 UPC 94264	\$ 197,421
<i>Virginia Department of Transportation:</i>			
Highway Planning and Construction	20.205	EN00-154-122, PE101, RW201, C501, C502, C503	861,896
Highway Planning and Construction	20.205	U000-154-205	46,418
Highway Planning and Construction	20.205	0460-154-203	256,832
Highway Planning and Construction	20.205	ENG16-060-217	22,058
Subtotal Highway Planning and Construction			1,384,625
Total Department of Transportation			\$ 1,404,706
Department of Homeland Security:			
Pass Through Payments:			
<i>Virginia Department of Emergency Management:</i>			
Emergency Management Performance Grants	97.042	6468	\$ 7,500
Department of Treasury:			
Direct Payments:			
Equitable Sharing Program	21.000	Not available	\$ 157,117
Department of Housing and Urban Development:			
Pass Through Payments:			
<i>Virginia Department of Housing and Community Development:</i>			
Community Development Block Grants/Entitlement Grants	14.218	B12-MC-51-0028	\$ 440,992
Total Expenditures of Federal Awards			\$ 2,045,515

Notes to Schedule of Expenditures of Federal Awards

Note 1 -- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of Christiansburg, Virginia under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Christiansburg, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Christiansburg, Virginia.

Note 2 -- Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 -- De Minimis Cost Rate

The Town did not elect to use the 10 percent de minimus indirect cost rate as it typically only requests direct costs for reimbursement.

Note 4 -- Subrecipients

No awards were passed through to subrecipients.

Note 5 -- Relationship to the Financial Statements:

Federal expenditures, revenues and capital contributions are reported in the Town's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
Special Revenue Funds	\$ 1,720,207
Capital Project Fund	325,308
Total primary government	\$ 2,045,515
Total expenditures of federal awards per basic financial statements	\$ 2,045,515

Town of Christiansburg, Virginia

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2017

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Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

Section IV - Status of Prior Audit Findings

There were no prior audit findings related to federal awards.