TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

• Presentation of Annual Report and Audit Results
  – Scott Wickham, audit partner with our audit firm will be presenting the Audit opinions to you as he is now required to do so by APA (Auditor of Public Accounts)
  – After Scott’s presentation we will look at
    – How did we do with Revenues and Expenditures
    – Where did our money go
    – How did we do relative to the budget
    – Where are we with respect to the fund balance policy
TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

- Audit Opinion on the financial statement is on page 17
  • The opinion is unqualified
  • The supplementary information is fairly presented

- Report on Internal Control and Compliance with GAS reports are on page 152
  • No internal control weaknesses or compliance issues were identified

- Auditors letter to Town Council
  • Provides communication to Council regarding work and interaction with management and the financial statements.
TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

• Audit Recommendations:
  – One accounting software encompassing all the Town functions that can automate many of the current processes would eliminate many manual entries and workarounds, creating efficiency and improving accuracy within the Finance office. Particularly the software utilized for tax collections needs improvement.
  – Recommend the Finance office prepare and reconcile the annual Urban Highway Maintenance Survey sent to VDOT to improve accuracy. Improve the process for preparing daily sheets for work performed on eligible streets.
TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

- Letter of Transmittal page 1 to 13
- MD&A or Management Discussion and Analysis page 17 to 28
- Government Wide Financial Statements page 29-30 GASB 34 statements
- Fund Financial Statements page 31-37
- Notes to the Financial Statements page 38-99
- Supplementary Information page 100-151
  lots of trend data, functional data and schedules
TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

• Government wide financial statements vs fund balance statements
  – Government Wide financial statements Pg. 29 -30 present all the capital assets and depreciation of the government as well as the long term debt and long term pension liabilities that are not reflected in the fund level financial statements. (economic resources measurement focus and full accrual basis.)
  – Fund level financial statements report on a shorter time horizon and do not reflect these long term assets and debt the same way but account for assets as they are purchased and debt as the payments are made. (Current financial resources measurement and modified accrual basis)
  – You will see a reconciliation of these statements on pages 32 and 34.
  – From either perspective the Town has a strong fund balance and a good outlook.
# TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

## Revenues as Compared to Prior Years

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL FUND</td>
<td>26,452,118</td>
<td>28,254,547</td>
<td>28,891,636</td>
<td>29,224,918</td>
<td>333,282</td>
</tr>
<tr>
<td>SPEC REV FUNDS</td>
<td>1,404,466</td>
<td>2,040,846</td>
<td>2,913,936</td>
<td>1,522,629</td>
<td>(1,391,307)</td>
</tr>
<tr>
<td>CEMETERY</td>
<td>86,448</td>
<td>103,383</td>
<td>103,107</td>
<td>110,202</td>
<td>7,095</td>
</tr>
<tr>
<td>GF Capital Projects</td>
<td>459,065</td>
<td>150,625</td>
<td>1,558,528</td>
<td>1,483,271</td>
<td>(75,257)</td>
</tr>
<tr>
<td>ENTERPRISE W&amp;S</td>
<td>7,800,301</td>
<td>8,824,901</td>
<td>8,913,642</td>
<td>10,792,784</td>
<td>1,879,142</td>
</tr>
<tr>
<td>STORM WATER</td>
<td></td>
<td></td>
<td>1,397,976</td>
<td>2,042,427</td>
<td>644,451</td>
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</table>
## TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

### EXPENDITURES AS COMPARED TO PRIOR YEARS

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

REVENUES AND EXPENDITURES AS COMPARED TO BUDGET

BUDGET TO ACTUAL GEN FUND AND WATER SEWER ENTERPRISE

<table>
<thead>
<tr>
<th></th>
<th>GEN FUND EXP</th>
<th>ENTERPRISE W&amp;S REVENUES</th>
<th>ENTERPRISE W&amp;S EXP</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACTUAL</td>
<td>29,224,918</td>
<td>10,792,784</td>
<td>8,642,531</td>
</tr>
<tr>
<td>BUDGET</td>
<td>27,429,120</td>
<td>8,137,800</td>
<td>8,674,762</td>
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</tbody>
</table>
WHERE DID THE REVENUE COME FROM

- **Property Taxes**: 10%
- **Sales Taxes**: 4%
- **Meals Tax**: 16%
- **Lodging Tax**: 4%
- **Franchise**: 2%
- **Cigarette**: 1%
- **Business License**: 5%
- **Other Taxes**: 3%
- **Charges for Services**: 8%
- **Permits Fees Licenses**: LESS THAN 1%
- **Fines and Forfeitures**: LESS THAN 1%
- **Stormwater**: 5%
- **Water and Sewer**: 24%
- **Intergovernmental**: 15%
- **Other**: 3%
- **Cemetery**: LESS THAN 1%
- **Interagency**: 15%
- **Other Interagency**: LESS THAN 1%
TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

- EXPENDITURES

- Water and Sewer: 22.8%
- Parks and Recreation: 10.7%
- Police Fire Rescue Inspections: 26%
- Public Works: 15%
- Community Development: 3.8%
- Capital Outlay: 7.5%
- Debt Service: 2.6%
- Cemetery: 0.6%
- Administrative: 8%
- Storm Water: 3

Legend:
- Water and Sewer
- Parks and Recreation
- Police Fire Rescue Inspections
- Public Works
- Community Development
- Capital Outlay
- Debt Service
- Cemetery
- Administrative
- Storm Water
TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

- TOTAL FIXED ASSETS OF THE GOVERNMENT HAVE INCREASED THIS YEAR NET OF DEPRECIATION BY $726,000

- 2015 $146,456,298
- 2016 $170,054,640
- 2017 $170,568,607
- 2018 $171,295,123
# TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

## Fund Balance

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nonspendable</strong></td>
<td>39,557,807</td>
<td>37,232,454</td>
<td>34,170,427</td>
<td>32,776,095</td>
</tr>
<tr>
<td><strong>Restricted</strong></td>
<td>2,166,386</td>
<td>2,181,328</td>
<td>1,974,493</td>
<td>1,964,871</td>
</tr>
<tr>
<td><strong>Assigned</strong></td>
<td>9,346,047</td>
<td>4,371,279</td>
<td>3,742,702</td>
<td>3,814,143</td>
</tr>
<tr>
<td><strong>Unassigned</strong></td>
<td>23,179,082</td>
<td>24,912,478</td>
<td>19,914,979</td>
<td>16,707,359</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>74,249,322</td>
<td>68,697,539</td>
<td>59,802,601</td>
<td>55,262,468</td>
</tr>
</tbody>
</table>

## Chart Description

The chart shows the fund balance for the Town of Christiansburg Audit Summary 2018, categorized into nonspendable, restricted, assigned, and unassigned. The data is represented for the years 2018 to 2015, with the total fund balance for each category and year provided.
The Town shall seek to maintain unassigned fund balance of between 35-40% of all expenditures in the preceding fiscal year. Expenditures shall include operating expenses (excluding capital) of the general fund, permanent fund and enterprise funds less any unassigned fund balance in the permanent fund and the enterprise fund. If the unassigned fund balance after conclusion of the annual audit exceeds 45% a review shall be conducted and appropriate actions shall be taken. If the unassigned fund balance is less than 30% a plan shall be developed to restore the reserves in an acceptable manner under the circumstances.
TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

• Our Fund Balance decreased slightly due to additional amounts assigned to reserves and is within our target range. We also completed a number of capital projects in FY 18 and still have many in the works.

• Our unassigned fund balance is at 39.14% after consideration of fund balance use in the FY 2019 budget, additional amounts to reserves and the expected budget modification coming up in the next few weeks.

• Given other considerations that may be coming up this fiscal year this will give us some flexibility with additional uses of reserves if Council deems them appropriate without causing too large of an impact on reserve amounts.
TOWN OF CHRISTIANSBURG AUDIT SUMMARY 2018

• Overall how did we do and how are we?

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

Infrastructure projects completed:

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

• We have received our first draft of the wage study and Dave Brahmstadt will be reviewing that with you very soon.
QUESTIONS?