FINANCIAL STATEMENTS

CITY OF RADFORD, VIRGINIA

FISCAL YEAR ENDED
JUNE 30, 2016

CITY OF RADFORD, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

Prepared By:
Department of Financial Services

CITY OF RADFORD, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION

January 9, 2017

The Honorable Mayor and Members of City Council and the Citizens of Radford, VA

The Comprehensive Annual Financial Report (CAFR) for the City of Radford for the fiscal year ended June 30, 2016 is hereby submitted. State statues require that the City of Radford issue annually a report on its financial position and activity and that this report be audited by an independent firm of certified public accountants. This report was prepared by the Department of Finance.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Radford. The data as presented is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds and component units. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The CAFR is presented in four sections: Introductory, Financial, Other Supplementary Information, and Compliance. The Introductory Section, which is not audited, includes this letter of transmittal, a list of the City's principal officials, and the organizational chart. The Financial Section includes management's discussion and analysis (MD&A), basic financial statements, and required supplementary information. The basic financial statements consist of government-wide and fund financial statements, and notes to the basic financial statements. The Other Supplementary Information section, which is not audited, includes supplementary financial statements, supporting schedules of revenues and expenditures, and other statistical information which includes selected financial and demographic information, generally presented on a multi-year basis. Most readers will find it helpful to proceed directly to the MD&A on page 10 as a quick start into the June 30, 2016 City of Radford Comprehensive Annual Financial Report.

The City of Radford is required to undergo an annual single audit in conformity with the provisions of the *Single Audit Act Amendments of 1996* and Uniform Guidance. The Schedule of Expenditures of Federal Awards and the independent auditor's report on internal controls and compliance with applicable laws and regulations are included in the Compliance Section of the CAFR.

The financial reporting entity includes all the funds of the primary government (i.e. the City of Radford as legally defined), as well as the Radford School Board and the Radford Economic Development Authority. The Radford School Board is discretely presented in separate columns in the combined financial statements to emphasize that it is legally separate from the primary government and to differentiate its financial position and results of operations from the primary government. The Radford Economic Authority is treated as a component unit. Component units are legally separate entities for which the primary government is financially accountable.

Economic Condition and Outlook

Chartered in 1892 the City of Radford is located in the New River Valley of Southwestern Virginia, just off interstate 81 at exits 105 and 109. Radford encompasses a land area of 9.63 square miles and has a population of 17,420.

The City of Radford provides a range of public services that include general administration, public safety, public works, recreation, judicial functions, health and welfare activities, transit operations, and community development. The City also provides electric, water, sewer, and solid waste collection services through self-supporting enterprise operations.

The City is home to Radford University, a state supported institution of higher education with approximately 1,600 faculty and employees and 9,400 students. As the City's largest employer, Radford University has a significant positive influence on our community. Although nontaxable, the University generates an estimated $238 million dollars annually for the area's economy. The University continues to move forward with investments in new and remodeled facilities, as well as growth in enrollment and program offerings. These investments and its overall presence, make the University an important economic engine for the City.

The City is committed to providing a community conducive to a high quality of life for its citizens and a strong workforce for its businesses. The City's close proximity to I-81, as well as its central location between northern and southern markets, places it in an ideal geographic location for building activities. Through the years, this has enabled the City to attract such industries and research companies as Danaher, APW, RadVA, and TechLab. The City's unemployment rate is currently 5.4% and has a workforce of 8,581.

Radford, like many communities throughout the United States, continues to feel the effects of a sluggish economy. National and state trends reflected weak consumer confidence, slow private investment, increased cost of providing services and stagnant revenues. These factors have been stretched to our local communities. As a result, revenue projections and expenditures are constantly re-evaluated to minimize the overall impact on the established budget to preserve the financial health of the city and its services.

City leaders continued to make wise capital investments in the community's infrastructure (water, electric utilities public parks, as well as roads and sidewalks) to keep the City strong, services reliable, aesthetics attractive, as well as support growth and private investment. Staff plans wisely on the purchase of materials to keep cost down and promote continued investment in community facilities.

Over the past year, the Radford economy has been impacted by the closing of a regional retail grocery chain and several businesses. The community impact of these events and the foundry closing in 2013 are impacting several revenue categories and jobs. The City has invested significant resources in economic recruitment and retention efforts. Moderate increases in investments are visible in multifamily housing growth and generally, revenue sharing with Pulaski and Montgomery County has increased. Lodging and meals taxes are doing well reflecting tourism investments. Radford's population has increased 6.2% since the 2010 census, exceeding the state average of 4.5% for cities and the Blacksburg metropolitan area of 2.7%.

Radford University plays a vital role in the economy with investments in infrastructure and spending by the 1,600 employees and 9,400 students.

Accounting System and Budgetary Controls

In developing and modifying the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but no absolute assurance regarding: (a) the safeguarding of assets against loss from unauthorized use or disposition, and (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived, and (b) the evaluation of cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. The City's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

The encumbrance method of estimating purchase amounts prior to the release of purchase orders to vendors or the execution of contracts maintains budgetary control at the department level. Purchase orders greater than $2,500 are approved by the City Finance Department. Year-end outstanding encumbrances are reported as a reservation of fund balance and re-appropriated in the succeeding year. As required by law, the City Manager submits to the City Council a recommended budget for the fiscal year beginning July 1. After an extensive budget study process and public hearing to receive citizen input, City Council makes its decision on the adopted budget and appropriate funds. The budget must be adopted and funds appropriated by July 1 of each year.

Pension Benefits

The City of Radford participates in the Virginia Retirement System (VRS), which covers all full time, salaried employees. Contributions to the VRS are determined on an actuarial basis. The contributions required during the 2015-2016 fiscal year totaled $1,300,242. As of the plan's most recent actuarial valuation on June 30, 2015, the City's pension obligation was not fully funded. Please see Note 8 and Exhibits 15 and 16 for additional information on the City's retirement plan.

Capital Financing and Debt Service

At June 30, 2016 the City's legal debt limit is $80,183,024. Net direct tax supported debt totaled $21,588,129. Additional information about the City's legal debt limit can be obtained from Table 13. Long-term liabilities, excluding claims payable, compensated absences, and OPEB obligations for all funds of the primary government as of June 30, 2016 totaled $23,719,344 of which $2,518,690 for Enterprise Fund activity is considered self-supporting as revenues for

services are anticipated to cover operating and debt service needs. See Note 7 for more information on the City's long-term borrowing.

Cash Management

The City follows the pooled cash concept, which allows for greater flexibility in managing cash flow amongst the different funds. Idle cash is invested in instruments as allowed by the Code of Virginia, Chapter 3, Title 26. Currently, idle cash is held in money market funds with SunTrust Securities Corporation. Bank interest earned during 2015-2016 totaled $16,494.

Auditing

Each year, City Council hires an independent public accounting firm to perform an audit of the City's annual financial statements including a single audit of federal awards and an audit of compliance with state requirements. The current year independent auditor's reports are included in the Financial and Compliance Sections of the report.

Acknowledgements

We would like to express our appreciation to the staff of the Department of Finance for their dedication in assuring the financial integrity of the City and the preparation of this report. Appreciation is also expressed to the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

David Ridpath
David Ridpath, City Manager

Patricia Cox
Patricia Cox, Director of Finance

CITY OF RADFORD, VIRGINIA

CITY COUNCIL

Dr. Bruce Brown, Mayor

Dr. Richard Harshberger, Vice Mayor

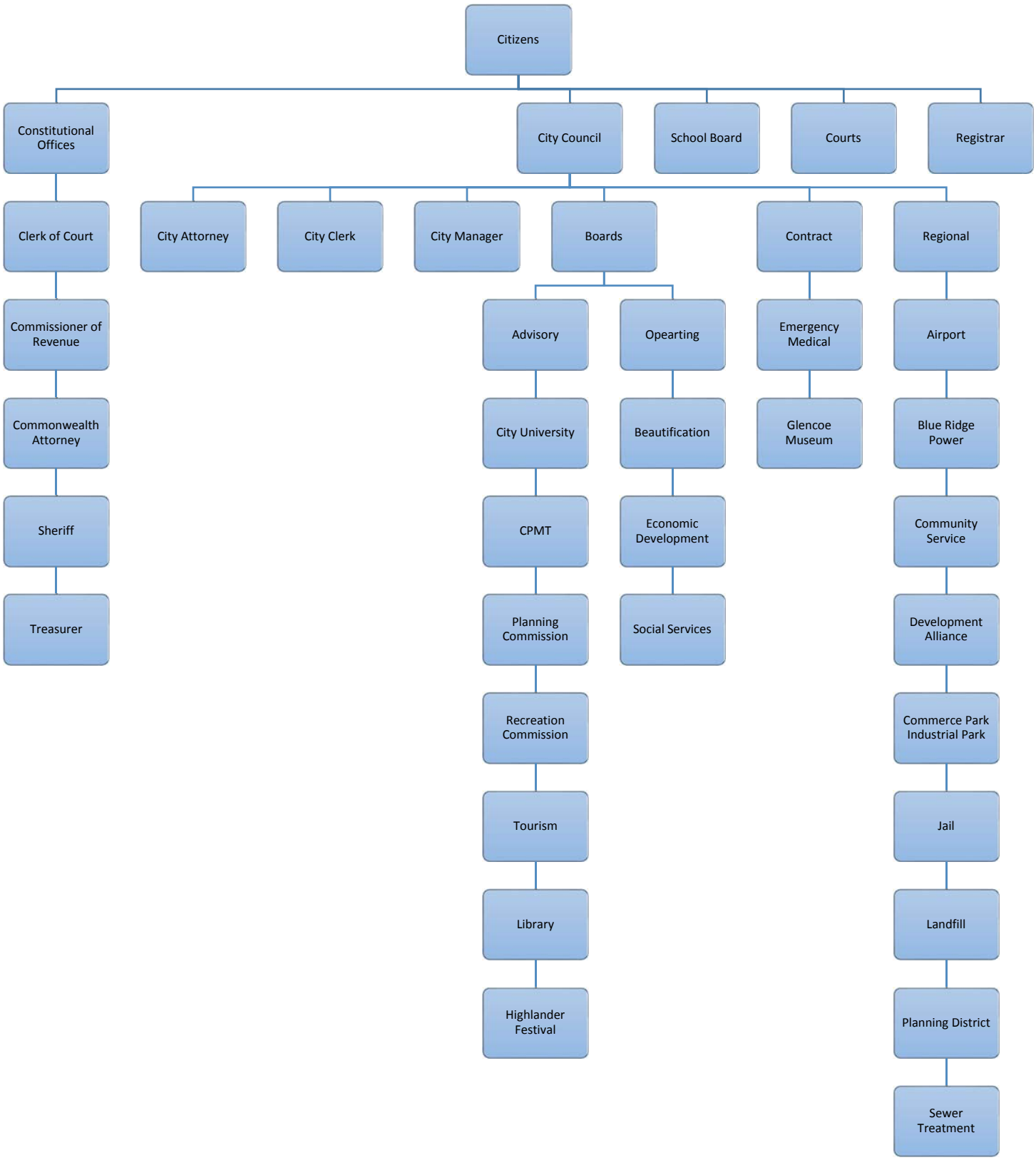
Robert Gropman

Keith Marshall

Michael Turk

OTHER OFFICIALS

City Manager ..... David Ridpath
City Clerk ..... Jennifer Wilder
Finance Director ..... Trish Cox, CPA


Citizens
Constitutional Offices
City Council
School Board
Courts
Registrar
Clerk of Court
City Attorney
City Clerk
City Manager
Boards
Contract
Regional
Commissioner of Revenue
Advisory
Opearting
Emergency Medical
Airport
Commonwealth Attorney
City University
Beautification
Glencoe Museum
Blue Ridge Power
Sheriff
CPMT
Economic Development
Community Service
Treasurer
Planning Commission
Social Services
Development Alliance
Recreation Commission
Commerce Park Industrial Park
Tourism
Jail
Library
Landfill
Highlander Festival
Planning District
Sewer Treatment

FINANCIAL SECTION

Independent Auditors' Report

To the Honorable Members of
City Council of the
City of Radford, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of June 30, 2016, 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.

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2016, the City adopted new accounting guidance, GASB Statement Nos. 79 Certain External Investment Pools and Pool Participants and 82 Pension Issues – and amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

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 10-21, 83-86, and 87-90 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 City of Radford, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical information, 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.

Other Information (continued)

The other supplementary information 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 other supplementary information 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 section and statistical information 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 7, 2016, on our consideration of the City of Radford, 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 City of Radford, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 7, 2016

CITY OF RADFORD, VIRGINIA

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2016

The following discussion and analysis of the City of Radford's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. It should be read in conjunction with the transmittal letter and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

The City's net position excluding those of its component units, on the government-wide basis, totaled $63,722,987 at June 30, 2016. Of this amount, $7,522,098 may be used to meet ongoing obligations to citizens and creditors, and $55,255,883 is invested in capital assets, net of related debt. Net position of $945,006 is restricted.

On a government-wide basis for governmental activities, the City had expenses net of program revenues of $19,852,851, which totaled $3,828,353 more than the general revenues, net of transfers, of $16,024,498.

At June 30, 2016, the City's governmental funds balance sheet reported total ending fund balance of $6,188,704. Of this amount, $1,381,635 remains in the various governmental funds of the City as unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

Our discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 City 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 City's financial position, as a whole, better or worse as a result of the year's activities?"

One of the main goals of these two statements is to report the City's net position and changes that affected net position during the fiscal year. The change in the City's net position, the differences between assets and liabilities, is a way to measure the City's financial health, or financial position. Increases or decreases in net position are indicators of whether the City's financial health is improving or

deteriorating. Other non-financial factors, such as changes in the City's property tax base and the condition of the City infrastructure should also be considered in assessing the overall financial health of the City.

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

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

Business-type activities – The City's Electric Department, Water and Sewer Department, and Solid Waste Department are reported here as the City charges a fee to customers designed to cover all or most of the cost of services it provides.

Component Unit – The City includes two discretely presented component units in this report, the School Board and Economic Development Authority of the City of Radford. Although legally separate, the component units are attached to the City through financial accountability. Complete financial statements for these component units may be obtained at the School Board administrative office and the Economic Development office of the City, respectively.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements begin on page 24 and provide detailed information about the most significant funds. The City has three types of funds:

Governmental Funds - Most of the City's basic services are included in the 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 City'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 25 and 27.

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

The City's enterprise funds, one type of proprietary fund, 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 City's enterprise funds include the electric operation, the water and sewer operation, and the solid waste operation.

The City uses an internal service fund, another type of proprietary fund, to report activities that provide supplies and services by one City department to another City department on a cost reimbursement basis. The City accounts for its garage operations in an internal service fund. Internal service fund activities are reported as governmental activities on the government-wide statements.

Fiduciary Funds – Assets held for the benefit of other governments, agencies, or individuals, not part of the City, are reported in a fiduciary fund. These activities are excluded from the government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. Certain federal and state revenues collected and held by the Department of Social Services for the benefit of certain individuals are accounted for in the Special Welfare Fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 32 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position may serve as a useful indicator of a government's financial position over time. In the case of the City of Radford, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $63,722,987 at the close of the most recent fiscal year.

By far the largest portion of the City of Radford's net position (87%) reflects its investment in capital assets (land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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 resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Position:

An additional portion of the City's net position, $945,006, represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net position, $7,522,098, may be used to meet that government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole as well as for its business-type activities except for unrestricted net position for governmental activities.

The City's combined net position decreased from $64,373,830 to $63,722,987 as a result of a decrease in net position of Governmental-type activities in the amount of $157,621, and a decrease of Business-type activities in the amount of $493,222. The decrease in net position of Governmental-type activities is due to the net investment in capital assets increasing $419,863 (from the acquisition of the Armory), restricted funds decreased $85,300 (due to a correction to the Hazmat operations fund balance) and unrestricted funds decreased $492,184 (due to regional jail and EMS operations cost increases) for a net decrease of $157,621. The decrease in net position of business-type activities is attributed to a decrease in the net investment in capital assets. Total capital assets decreased $1,154,788 (mainly from accumulated depreciation) and bonds payable decreased $662,274 for a net decrease of $492,514.

The following table presents a condensed summary of net position at June 30, 2016:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2016	2015	2016	2015	2016	2015	2016	2015
Current and other assets	12,030,790	13,147,106	12,183,673	12,947,745	24,214,463	26,094,851	1,916,912	1,954,619
Capital assets, net	62,012,644	62,669,590	16,637,207	17,791,995	78,649,851	80,461,585	6,548,689	6,707,481
Total assets	74,043,434	75,816,696	28,820,880	30,739,740	102,864,314	106,556,436	8,465,601	8,662,100
Deferred Outflows of Resources	987,912	968,671	312,330	311,904	1,300,242	1,280,575	1,210,446	1,197,752
Other liabilities	2,236,413	2,354,910	1,150,035	2,056,576	3,386,448	4,411,486	197,174	131,604
Long-term liabilities	27,884,216	28,741,468	4,674,201	4,937,216	32,558,417	33,678,684	14,467,936	13,810,548
Total liabilities	30,120,629	31,096,378	5,824,236	6,993,792	35,944,865	38,090,170	14,665,110	13,942,152
Deferred Inflows of Resources	4,150,860	4,771,511	345,844	601,500	4,496,704	5,373,011	1,502,276	2,594,285
Net Assets:								
Invested in capital assets, net of related debt	40,811,990	40,392,127	14,443,893	14,936,407	55,255,883	55,328,534	6,548,689	6,517,614
Restricted	945,006	1,030,306	-	-	945,006	1,030,306	9,509	43,995
Unrestricted	(997,139)	(504,955)	8,519,237	8,519,945	7,522,098	8,014,990	(13,049,537)	(13,238,194)
Total net assets	40,759,857	40,917,478	22,963,130	23,456,352	63,722,987	64,373,830	(6,491,339)	(6,676,585)

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Summary of Changes in Net Position:

The following table shows the revenues and expenses of the government at June 30, 2016:

Summary of Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenues								
Program Revenues:								
Charges for Services	1,118,348	1,001,793	26,110,291	26,205,461	27,228,639	27,207,254	196,770	197,987
Operating grants and contributions	8,541,086	7,302,726	-	-	8,541,086	7,302,726	11,416,530	10,991,598
Capital grants and contributions	1,075,000	1,077,537	-	-	1,075,000	1,077,537	-	174,783
General Revenues:								
Property Taxes	7,596,817	7,775,293	-	-	7,596,817	7,775,293	-	-
Local sales and use taxes	992,383	885,262	-	-	992,383	885,262	-	-
Consumers' utililty taxes	514,537	532,065	-	-	514,537	532,065	-	-
Business license taxes	486,544	484,247	-	-	486,544	484,247	-	-
Motor Vehicle Taxes	199,940	197,566	-	-	199,940	197,566	-	-
Restaurant food taxes	1,123,853	1,121,722	-	-	1,123,853	1,121,722	-	-
Other local taxes	583,798	603,799	-	-	583,798	603,799	-	-
Interest and rent income	159,060	159,012	8,803	3,094	167,863	162,106	1,673	3,988
Other income	955,509	674,651	-	-	955,509	674,651	65,106	75,007
Payments from business-type activities	1,963,477	1,863,215	-	-	1,963,477	1,863,215	-	-
Grants /contributions not restricted to specific programs	1,448,580	1,496,527	-	-	1,448,580	1,496,527	-	-
Gain/(loss) on disposal of capital assets	-	-	-	-	-	-		137,334
Payments from other governments	-	-	-	-	-	-	5,059,972	4,993,226
Total Revenues	26,758,932	25,175,415	26,119,094	26,208,555	52,878,026	51,383,970	16,740,051	16,573,923
Expenses								
General Government	2,763,220	2,616,659	-	-	2,763,220	2,616,659	-	-
Judicial administration	1,256,369	1,207,189	-	-	1,256,369	1,207,189	-	-
Public Safety	7,896,020	7,421,559	-	-	7,896,020	7,421,559	-	-
Public Works	4,264,317	3,880,301	-	-	4,264,317	3,880,301	-	-
Health and Welfare	3,497,018	2,883,992	-	-	3,497,018	2,883,992	-	-
Education	5,345,190	5,278,443	-	-	5,345,190	5,278,443	16,323,564	16,042,006
Parks, recreation, and cultural	2,411,929	2,284,564	-	-	2,411,929	2,284,564	-	-
Community Development	2,329,254	2,423,086	-	-	2,329,254	2,423,086	14,157	16,331
Interest on long-term debt	823,968	1,020,398	-	-	823,968	1,020,398	-	-
Nondepartmental	-	-	-	-	-	-	-	-
Electric Operation	-	-	16,567,214	18,074,319	16,567,214	18,074,319	-	-
Water/Sewer Operation	-	-	5,030,932	4,956,419	5,030,932	4,956,419	-	-
Solid Waste Operation	-	-	1,343,438	1,314,277	1,343,438	1,314,277	-	-
Total Expenses	30,587,285	29,016,191	22,941,584	24,345,015	53,528,869	53,361,206	16,337,721	16,058,337
Transfers	3,670,732	3,545,447	(3,670,732)	(3,545,447)	-	-	-	-
Increase(Decrease) in Net Position	(157,621)	(295,329)	(493,222)	(1,681,907)	(650,843)	(1,977,236)	402,330	515,586
Net Position, Beginning	40,917,478	41,212,807	23,456,352	25,138,259	64,373,830	66,351,066	(6,893,669)	(7,409,255)
Net Position, Ending	40,759,857	40,917,478	22,963,130	23,456,352	63,722,987	64,373,830	(6,491,339)	(6,893,669)

Operating grants and contributions, which is state and federal categorical aid, makes up about 32% of total revenue generated by governmental activities. This revenue source is up 17% because due to additional funds related to:

- $346,334 Department of Social Services (DSS) funding for Title IV-E and federal adoption assistance - 27% increase
- $182,092 Comprehensive Services Act (CSA) - 21% increase
- $340,244 Virginia Department of Transportation (VDOT) – 20% increase
- $129,085 Grants for Extreme Recruiter Program (DSS) and Crisis Intervention Team (Sheriff)

The property tax classification, which comprises approximately 28% of total revenue generated by governmental activities, includes real estate taxes, local portion of personal property taxes, and public service corporation taxes. Property tax rates have remained level since 2010. 2016 was a reassessment year which resulted in a 2% growth in fair market values and total tax. Despite the modest growth, property tax revenue decreased 2%.

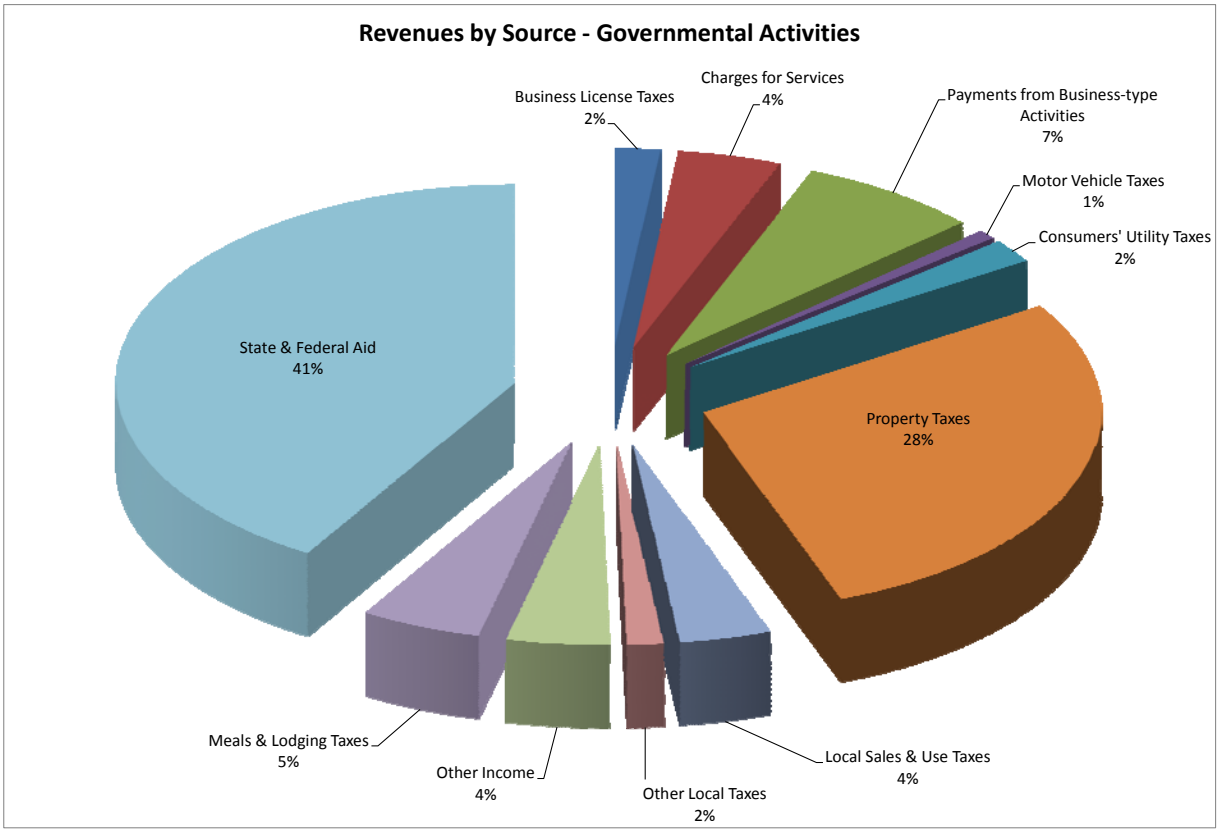
Other Income is up 42% mainly due to Radford University (RU) reimbursements for Transit operations. RU specific routes increased bus hours and Route 40 was changed to include a stop at the Christiansburg Aquatic Center after the pool at the Dedmon Center closed. This change was not covered under the Transit Plan so RU paid 100% of the cost.

Local Sales & Use Tax is up 12%. During FY 2015, we were paying the state back for revenues they allocated to the City of Radford in error. In FY 2016, Family Dollar opened which helped sales tax revenue.

Charges for Services are up approximately 12% due to increases in the following categories:

- Rescue services - $33,917
- Recreation fees - $22,450
- DMV registrations - $15,646

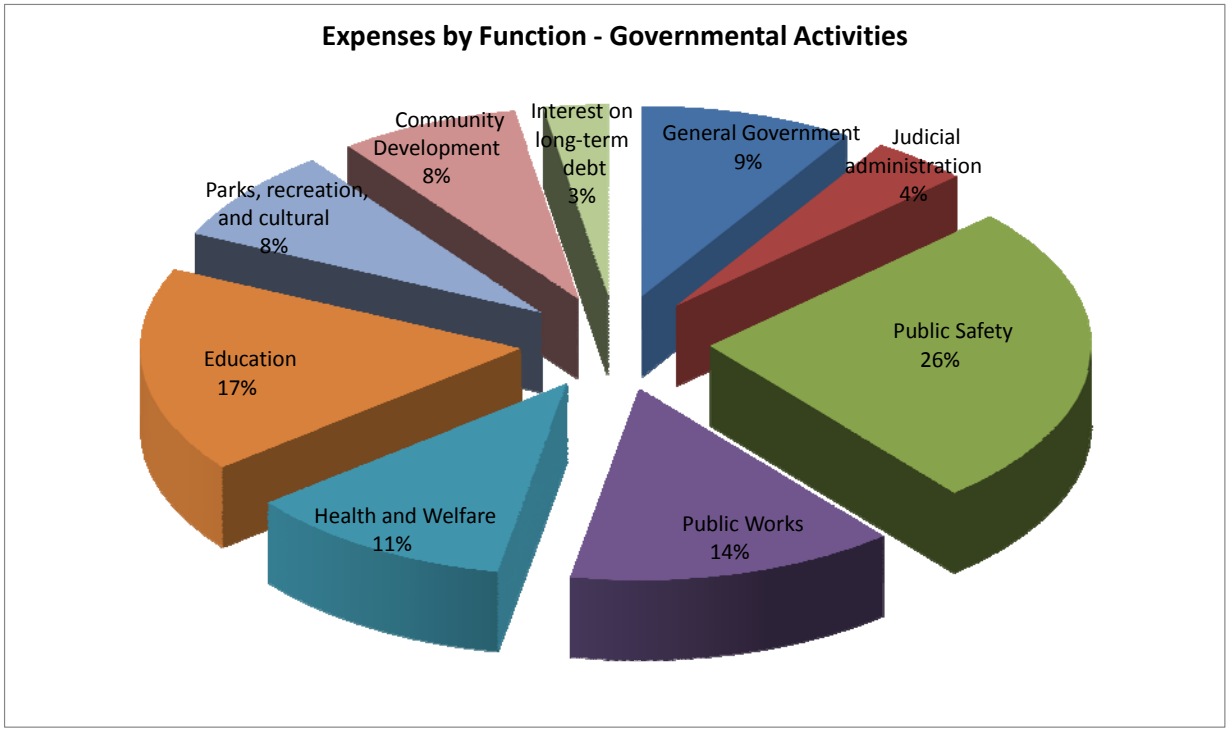
Revenue generated for governmental activities are presented below by category:



Expenses for governmental activities totaled $30,587,285 for the year, which is up 5% from the previous year. A 3% cost-of-living adjustment was made to salaries in FY 2016. Council also gave a $270 bonus to all full time employees and $55 bonus to all part time employees. Health insurance premiums for the employee only tier had a significant increase of 25.5%. Rates from the Virginia Retirement System did not change from FY 2015.

Public Safety expenses continue to comprise the largest portion of governmental expenses at 26%. This includes police, fire, hazmat, EMS, and jail and juvenile detention operations along with building official, code enforcement, and GIS. This category showed a 6.4% increase over the previous fiscal year. Funding for education is the second largest portion of expenses at 17%. The amount transferred to the School Board was $5,059,972 with an additional $653,951 going into their capital reserve fund. Expenses for Public Works are the next largest portion, by function, of the City's governmental activities at 14%. Expenses for street paving and maintenance, as well as maintenance of general buildings and engineering are included in this category. This area increased 10% due to a $341,000 VDOT grant to pave Tyler Avenue from Rock Road to Milton Lane. Health & Welfare expenses make up 11% of governmental expenses. The largest expense in this category is CSA and DSS. CSA costs are up 25.5 due to Radford's lack of family foster homes, foster children not qualifying for federal IV-E funding, HART homes (Healthy Alternatives to Residential Treatment) not covered by Medicaid, and outsourcing services due to small staff. DSS costs are up 24% due to expenses associated with Title IV-E and federal adoption assistance.

Expenses of the governmental activities are shown below by function:



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds:

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

For the fiscal year ended June 30, 2016, the governmental funds reflect a total fund balance of $6,188,704. Of this amount, $106,688 is nonspendable as it covers prepaid expenses. $945,006 is restricted by grantors, higher levels of government, or law. $3,755,375 is committed by Council. The remainder, $1,381,635, is unassigned and available for any purpose.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund unassigned fund balance was $1,375,315, while the total fund balance was $5,665,125. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 5% of the total General Fund expenditures and other financing uses, while total fund balance represents 22% of that same amount.

The fund balance of the General Fund decreased by $843,970 during the current fiscal year. $400,000 is transferred each year from the capital reserve fund (committed fund balance) for school debt service. $482,000 was transferred from unassigned fund balance for regional jail and EMS costs. Jail costs have increased 65% or $355,000 over the past four years. Total cost for FY 2016 was $900,000. For EMS, Carilion Patient Transportation, our service provider, began operating both ambulances on January 1, 2016 due to our certification issues with the Virginia Department of Medical Services as well as delays with mutual aid. Both ambulances are Advanced Life Support certified and both operate twenty-four hours a day and seven days a week. Costs increased almost $324,000 or 43%.

Local taxes make up a large portion of General Fund revenues, totaling $11,646,644 in fiscal year 2016. Property taxes make up 67% of local taxes and are basically level compared to the prior year. All tax rates remained unchanged so this increase reflects modest growth. Other local taxes increased 2%.

The Street Maintenance Fund accounts for revenues and expenditures related to the maintenance of the City's streets and other properties. Each year the City receives funds under the Virginia Department of Transportation Urban Street Maintenance program which are specifically restricted to be spent on streets and maintenance activities qualifying under the program. The City received $2,562,790 during the fiscal year, an increase of almost 20% from last year due to grant funds for a specific paving project on Tyler Avenue. This fund is reported as a non-major fund along with the Grants Fund and Transit Fund.

The Capital Projects Fund is used to account for long-term major construction projects of the general government. The entire fund balance is designated for future expenditures on capital projects. During fiscal year ending June 30, 2016, no new capital improvement projects were started. $56,877 was spent for ongoing projects during the fiscal year.

The Grants Fund accounts for federal and state grants received and expended. The entire fund balance of this fund is reserved for expenditures related to grants received. During the year, the City applied for and received grants from state and federal agencies totaling $490,973.

The Radford Transit system is a partnership between Radford University and the City of Radford that serves the citizens of Radford, the Radford University community, and provides a connection to the surrounding areas of the New River Valley. Operated by New River Valley Community Services, the busses transport passengers to points throughout the Radford and Fairlawn areas connecting passengers with Christiansburg, Blacksburg, Pulaski County and services such as the MegaBus and Pulaski Area Transit. The system receives funding from charging fares, state and federal funding from the Department of Rail and Public Transportation and Radford University. Operating and capital expenditures totaled $1,765,329.

Proprietary Funds:

Exhibits 7, 8, and 9 provide the same type of information found in the government-wide financial statements on the City proprietary funds, but in more detail.

Unrestricted net position for the Electric Fund totaled $8,347,477 at the end of the year, a decrease of $380,042 from the prior year or 4.4%. Even though expenses came in under budget electric sales were $744,000 less than anticipated.

Unrestricted net position for the Water/Sewer Fund was $75,930 at the end of the year, which is an increase of $378,487. Water and sewer sales performed better than expected – 2.3% over budget. Expenses were less due to vacancies left unfilled and several operational cost efficiencies.

Unrestricted net position for the Solid Waste Fund amounted to $95,830 at the end of the fiscal year, which is level compared to the prior year.

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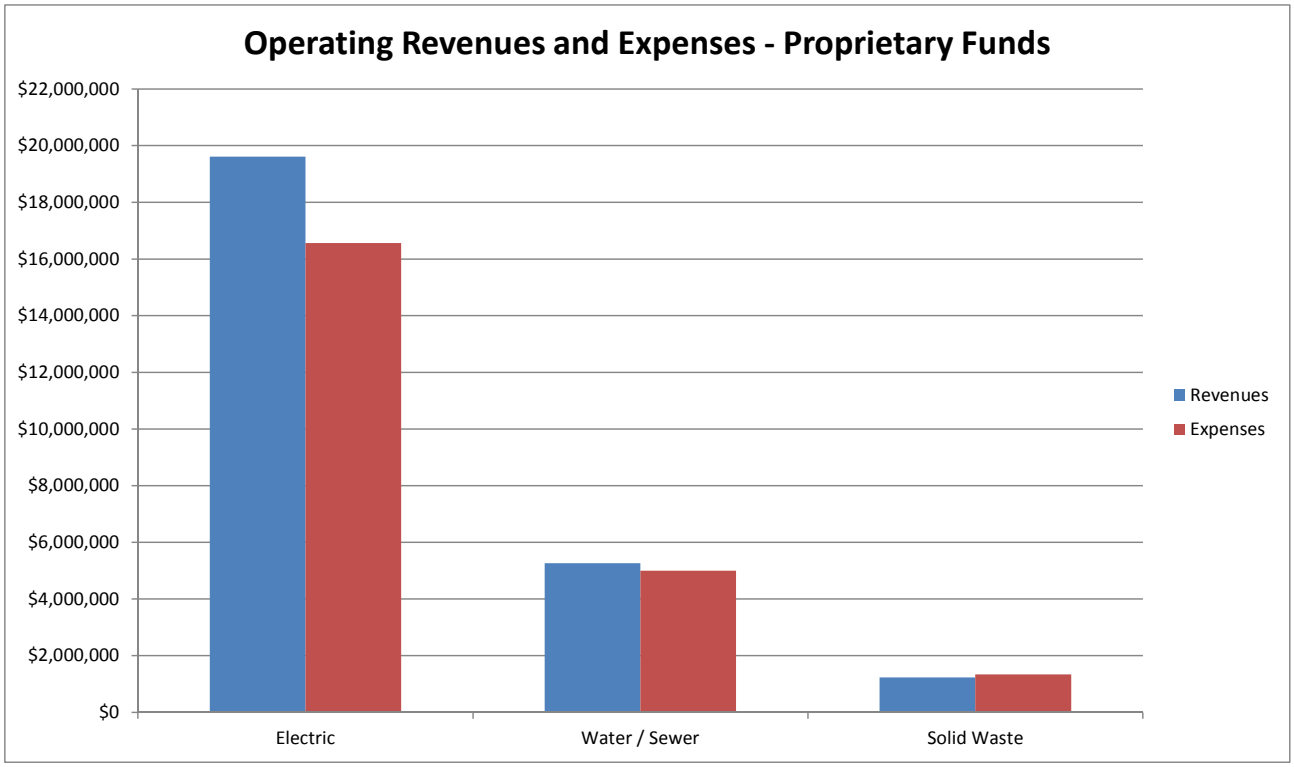

GENERAL FUND BUDGETARY HIGHLIGHTS

There were 22 amendments to the original budget during the 2015-2016 fiscal year. Significant increases in appropriations for the general fund budget are highlighted below:

- $27,000 land acquisition
- $32,000 Mary Draper Ingles statue and viewing platform
- $34,255 replacement of obsolete voting equipment
- $55,600 Fire Department brush truck
- $61,000 Federal Adoption Assistance (DSS)
- $74,400 Architectural & Engineering fees for the roof at RHS & DIS
- $175,000 Title IV-E Foster Care (DSS)
- $503,297 End of year adjustments for various programs

CAPITAL ASSETS

As of June 30, 2016, the City's capital assets for its governmental and business-type activities amounted to $78,649,851 (net of accumulated depreciation). This investment includes land, buildings and improvements, machinery and equipment, infrastructure and utility plants, and construction in progress. The total net decrease (additions less retirements and depreciation) in the City's investment in capital assets for the current year was $1,811,734.

Major capital assets events during the year included the following:

- $100,330 Riverview Boat Launch
- $183,728 Two Transit buses
- $270,461 Hydro repairs
- $1,075,000 Armory acquisition

Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	2,632,142	2,419,142	712,498	712,498	3,344,640	3,131,640
Construction in Progress	6,082,144	5,973,559	270,461	15,040	6,352,605	5,988,599
Building & Improvements	29,862,937	29,789,629	265,795	262,484	30,128,732	30,052,113
Machinery & Equipment	3,856,113	4,245,001	1,474,096	1,793,296	5,330,209	6,038,297
Plant & Infrastructure	19,579,308	20,242,259	13,914,357	15,008,677	33,493,665	35,250,936
Total	62,012,644	62,669,590	16,637,207	17,791,995	78,649,851	80,461,585

The changes in each category of Capital Assets are presented in detail in note 13 to the Basic Financial Statements.

LONG-TERM DEBT

At June 30, 2016, the City's long-term liabilities, not including compensated absences, claims payable, and OPEB obligations, totaled $23,719,344 comprised of $21,200,654 related to governmental activities, and $2,518,690 related to business-type activities. Total debt decreased by $1,413,707 during the year. The City issued debt totaling $325,376 during the fiscal year and made principal payments totaling $1,739,083.

The Charter of the City of Radford and Code of Virginia limits the City's net debt to 10% of the assessed valuation of real estate within the City limits. This limit applies to general obligation debt only. Long-term liabilities of business-type funds will be met by revenues generated from those funds. The City's net debt of $21,588,129 applicable to the limit is below the legal debt limit of $80,183,024.

The School Board Component Unit relies upon the City to provide full faith and credit for any debt obligations incurred. Therefore, the City reports School Board Component Unit long-term liabilities, other than compensated absences, as its own. At June 30, 2016, $10,803,455 of the governmental long-term debt was attributable to the School Board Component Unit for the construction of the new Belle Heth Elementary School. In addition to bonded debt and capital lease obligations, the City's long-term obligations include compensated absences and the OPEB obligation. Additional information concerning the City's long-term liabilities is presented in note 7 of the Basic financial statements.

OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	20,210,733	21,157,498	1,377,396	2,001,233	21,588,129	23,158,731
Unamortized Premium	885,359	965,589	-	-	885,359	965,589
Lease Purchase	104,562	154,376	325,376	-	429,938	154,376
Revenue Bonds	-	-	815,918	854,355	815,918	854,355
Total	21,200,654	22,277,463	2,518,690	2,855,588	23,719,344	25,133,051

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Radford's financial statements are impacted by overall economic conditions. While the FY 2016 budget was impacted by several business closing, the outlook for Radford is stable, but broadly influenced by national and state trends as well as slow private investments. Locally the budget is impacted by the growing costs of the delivery of services, stagnant revenues, and the cost of employee benefits related to health insurance and retirement.

The City's unemployment rate is 5.4% out of a workforce of 8,581. Unemployment for last year was 5.2% out of 8,519. This city's rate is higher than the state average of 4.1% and the national average of 4.7%. The City's largest employer, Radford University, comprises 204 acres of land and sixty-one buildings. Its 11,000 students, faculty and staff bring significant purchasing power to the community and the area helping many revenue sources associated with sales, taxes and fees. Other industrial business interests and construction are reflecting job growth and investment stability. Ongoing efforts will focus on business expansion, private investment and university growth.

The City's inflationary trends in the region compare favorably to national reports. Real Estate collections dropped slightly and are a focal effort. Modest increases are seen in some sales categories related to tourism.

Issues impacting the future relate to energy regulation, limited land area for growth, capital equipment needs, school system needs as well as state and national economic and inflationary trends. FY 2016 was a reassessment year and property values are expected to increase slightly while rates remain the same. All rates and fees charged by the City of Radford remained unchanged in FY 2017.

CONTACTING THE CITY'S FINANCIAL DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives and their uses. Questions concerning this report or requests for additional information should be directed to the Director of Finance, 10 Robertson Street, Radford, VA 24141, telephone (540)731-3614. The City's website is www.radfordva.gov.

Basic Financial Statements

Exhibit 1

City of Radford, Virginia
Statement of Net Position
June 30, 2016

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	$ 10,303,997	$ 4,893,809	$ 15,197,806	$ 404,469	$ 317,579
Cash in custody of others (restricted)	-	325,376	325,376	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,348,440	-	3,348,440	-	-
Accounts receivable	434,899	2,255,843	2,690,742	2,625	-
Internal balances	(3,963,216)	3,963,216	-	-	-
Due from other governmental units	1,726,658	-	1,726,658	265,908	-
Due from primary government	-	-	-	5,934	-
Inventories	67,843	745,429	813,272	13,246	760,094
Prepaid items	112,169	-	112,169	-	-
Net pension asset	-	-	-	147,057	-
Capital assets (net of accumulated depreciation):					
Land	2,632,142	712,498	3,344,640	211,699	-
Buildings and improvements	29,862,937	265,795	30,128,732	5,508,315	-
Machinery and equipment	3,856,113	1,474,096	5,330,209	738,541	-
Infrastructure and utility plants	19,579,308	13,914,357	33,493,665	-	-
Construction in progress	6,082,144	270,461	6,352,605	90,134	-
Total assets	$ 74,043,434	$ 28,820,880	$ 102,864,314	$ 7,387,928	$ 1,077,673
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	$ 987,912	$ 312,330	$ 1,300,242	$ 1,172,446	$ -
Change in proportionate share of net pension liability	-	-	-	38,000	-
Total deferred outflows of resources	$ 987,912	$ 312,330	$ 1,300,242	$ 1,210,446	$ -
LIABILITIES					
Accounts payable	$ 1,376,142	$ 757,519	$ 2,133,661	$ 59,156	$ 64
Accrued wages	148,099	73,831	221,930	75,443	-
Customers' deposits	-	318,685	318,685	-	-
Amount held for others	70,966	-	70,966	-	-
Accrued interest payable	308,707	-	308,707	-	-
Due to component unit	5,934	-	5,934	-	-
Unearned revenue	326,565	-	326,565	62,511	-
Long-term liabilities:					
Due within one year	1,497,396	808,360	2,305,756	358,060	-
Due in more than one year	26,386,820	3,865,841	30,252,661	14,109,876	-
Total liabilities	$ 30,120,629	$ 5,824,236	$ 35,944,865	$ 14,665,046	$ 64
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	$ 3,076,781	$ -	$ 3,076,781	$ -	$ -
Items related to measurement of net pension liability	1,074,079	345,844	1,419,923	1,091,276	-
Change in proportionate share of net pension liability	-	-	-	411,000	-
Total deferred inflows of resources	$ 4,150,860	$ 345,844	$ 4,496,704	$ 1,502,276	$ -
NET POSITION					
Net investment in capital assets	$ 40,811,990	$ 14,443,893	$ 55,255,883	$ 6,548,689	$ -
Restricted	945,006	-	945,006	9,509	-
Unrestricted (deficit)	(997,139)	8,519,237	7,522,098	(14,127,146)	1,077,609
Total net position	$ 40,759,857	$ 22,963,130	$ 63,722,987	$ (7,568,948)	$ 1,077,609

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

Exhibit 2

City of Radford, Virginia
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: School Board	Component Units: EDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	$ 2,763,220	$ 61,550	$ 206,920	$ -	$ (2,494,750)	$ -	$ (2,494,750)	$ -	$ -
Judicial administration	1,256,369	313,159	440,847	-	(502,363)	-	(502,363)	-	-
Public safety	7,896,020	555,428	1,292,600	-	(6,047,992)	-	(6,047,992)	-	-
Public works	4,264,317	58,691	2,569,200	-	(1,636,426)	-	(1,636,426)	-	-
Health and welfare	3,497,018	-	2,697,911	-	(799,107)	-	(799,107)	-	-
Education	5,345,190	-	-	-	(5,345,190)	-	(5,345,190)	-	-
Parks, recreation, and cultural	2,411,929	129,520	141,709	1,075,000	(1,065,700)	-	(1,065,700)	-	-
Community development	2,329,254	-	1,191,899	-	(1,137,355)	-	(1,137,355)	-	-
Interest	823,968	-	-	-	(823,968)	-	(823,968)	-	-
Total governmental activities	$ 30,587,285	$ 1,118,348	$ 8,541,086	$ 1,075,000	$ (19,852,851)	$ -	$ (19,852,851)	$ -	$ -
Business-type activities:									
Water and sewer	$ 5,030,932	$ 5,264,994	$ -	$ -	$ -	$ 234,062	$ 234,062	$ -	$ -
Electric	16,567,214	19,609,755	-	-	-	3,042,541	3,042,541	-	-
Nonmajor funds	1,343,438	1,235,542	-	-	-	(107,896)	(107,896)	-	-
Total business-type activities	$ 22,941,584	$ 26,110,291	$ -	$ -	$ -	$ 3,168,707	$ 3,168,707	$ -	$ -
Total primary government	$ 53,528,869	$ 27,228,639	$ 8,541,086	$ 1,075,000	$ (19,852,851)	$ 3,168,707	$ (16,684,144)	$ -	$ -
COMPONENT UNITS:									
School Board	$ 16,323,564	$ 188,270	$ 11,416,530	$ -	$ -	$ -	$ -	$ (4,718,764)	$ -
EDA	14,157	8,500	-	-	-	-	-	-	(5,657)
Total component units	$ 16,337,721	$ 196,770	$ 11,416,530	$ -	$ -	$ -	$ -	$ (4,718,764)	$ (5,657)
General revenues:									
General property taxes					$ 7,596,817	$ -	$ 7,596,817	$ -	$ -
Other local taxes:									
Local sales and use taxes					992,383	-	992,383	-	-
Consumers' utility taxes					514,537	-	514,537	-	-
Business license taxes					486,544	-	486,544	-	-
Motor vehicle taxes					199,940	-	199,940	-	-
Restaurant food taxes					1,123,853	-	1,123,853	-	-
Bank stock taxes					188,701	-	188,701	-	-
Hotel and motel room taxes					186,585	-	186,585	-	-
Other local taxes					208,512	-	208,512	-	-
Unrestricted revenues from the use of money and property					159,060	8,803	167,863	1,673	-
Miscellaneous					2,918,986	-	2,918,986	65,106	-
Contributions from the City of Radford					-	-	-	5,059,972	-
Grants and contributions not restricted to specific programs					1,448,580	-	1,448,580	-	-
Transfers					3,670,732	(3,670,732)	-	-	-
Total general revenues and transfers					$ 19,695,230	$ (3,661,929)	$ 16,033,301	$ 5,126,751	$ -
Change in net position					$ (157,621)	$ (493,222)	$ (650,843)	$ 407,987	$ (5,657)
Net position - beginning					40,917,478	23,456,352	64,373,830	(7,976,935)	1,083,266
Net position - ending					$ 40,759,857	$ 22,963,130	$ 63,722,987	$ (7,568,948)	$ 1,077,609

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

Exhibit 3

City of Radford, Virginia
Balance Sheet
Governmental Funds
June 30, 2016

	General	Transit	Grants	Highway Maintenance	Capital Projects	Total
ASSETS						
Cash and cash equivalents	$ 9,123,924	$ 4,163	$ -	$ 709,753	$ 306,608	$ 10,144,448
Receivables (net of allowance for uncollectibles):						
Taxes receivable	3,348,440	-	-	-	-	3,348,440
Accounts receivable	335,683	52,685	-	41,892	-	430,260
Due from other governmental units	857,029	278,862	250,523	340,244	-	1,726,658
Prepaid items	106,688	-	-	-	-	106,688
Total assets	$ 13,771,764	$ 335,710	$ 250,523	$ 1,091,889	$ 306,608	$ 15,756,494
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 462,817	130,549	$ 10,764	$ 750,118	$ 17,270	$ 1,371,518
Accrued wages and benefits	125,766	-	6,070	12,655	-	144,491
Accrued vacation and sick pay	115,839	-	-	10,256	-	126,095
Amounts held for others	70,966	-	-	-	-	70,966
Reconciled overdraft	-	-	210,929	-	-	210,929
Due to other funds	3,493,421	-	-	312,540	-	3,805,961
Due to component unit	5,934	-	-	-	-	5,934
Unearned revenue	326,565	-	-	-	-	326,565
Total liabilities	$ 4,601,308	$ 130,549	$ 227,763	$ 1,085,569	$ 17,270	$ 6,062,459
Deferred inflows of resources:						
Unavailable revenue-property taxes	$ 3,455,196	$ -	$ -	$ -	$ -	$ 3,455,196
Unavailable revenue-ambulance billings	50,135	-	-	-	-	50,135
Total deferred inflows of resources	$ 3,505,331	$ -	$ -	$ -	$ -	$ 3,505,331
Fund balances:						
Nonspendable	$ 106,688	$ -	$ -	$ -	$ -	$ 106,688
Restricted (Note 20)	739,845	205,161	-	-	-	945,006
Committed (Note 20)	3,443,277	-	22,760	-	289,338	3,755,375
Unassigned	1,375,315	-	-	6,320	-	1,381,635
Total fund balances	5,665,125	205,161	22,760	6,320	289,338	6,188,704
Total liabilities, deferred inflows of resources, and fund balances	$ 13,771,764	$ 335,710	$ 250,523	$ 1,091,889	$ 306,608	$ 15,756,494

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

Exhibit 4

City of Radford, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2016

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 6,188,704
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes $30,209 in Internal Service Fund capital assets).		
Land	$ 2,632,142	
Buildings and improvements	29,840,041	
Infrastructure	19,579,308	
Machinery and equipment	3,840,800	
Construction in progress	6,082,144	61,974,435
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue-property taxes	$ 378,415	
Unavailable revenue-ambulance billings	50,135	
Items related to measurement of net pension liability (excludes $20,915 in Internal Service Fund items related to measurement of net pension liability):		
Differences between expected and actual experience	(246,146)	
Difference between projected and actual earnings on pension plan investments	(807,018)	(624,614)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds (excludes $17,937 in Internal Service Fund pension contributions subsequent to measurement date).		969,975
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		186,982
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (excludes $114,759 and $16,444 in Internal Service Fund net pension liability and combensated absences, respectively).		
General obligation bonds and capital lease	$ (20,315,295)	
Accrued interest payable	(308,707)	
Unamortized bond premium	(885,359)	
Compensated absences (net of fund liabilities of $126,095)	(564,771)	
Net OPEB obligation	(82,643)	
Net pension liability	(5,778,850)	(27,935,625)
Net position of governmental activities		$ 40,759,857

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

Exhibit 5

City of Radford, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General	Transit	Grants	Highway Maintenance	Capital Projects	Total
REVENUES						
General property taxes	$ 7,745,589	$ -	$ -	$ -	$ -	$ 7,745,589
Other local taxes	3,901,055	-	-	-	-	3,901,055
Permits, privilege fees, and regulatory licenses	43,518	-	-	-	-	43,518
Fines and forfeitures	266,488	-	-	-	-	266,488
Revenue from the use of money and property	158,637	-	-	423	-	159,060
Charges for services	729,169	26,047	-	53,984	-	809,200
Miscellaneous	2,412,074	505,943	969	-	-	2,918,986
Recovered costs	7,980	-	-	-	-	7,980
Intergovernmental	5,838,191	1,097,712	490,973	2,562,790	-	9,989,666
Total revenues	$ 21,102,701	$ 1,629,702	$ 491,942	$ 2,617,197	$ -	$ 25,841,542
EXPENDITURES						
General government administration	$ 2,786,184	$ -	$ -	$ -	$ -	$ 2,786,184
Judicial administration	1,273,445	-	-	-	-	1,273,445
Public safety	7,572,989	-	329,046	-	-	7,902,035
Public works	989,720	-	5,480	2,497,102	-	3,492,302
Health and welfare	3,531,687	-	22,427	-	-	3,554,114
Education	5,066,836	-	-	-	-	5,066,836
Parks, recreation, and cultural	2,194,516	-	100,330	-	-	2,294,846
Community development	449,591	1,765,329	64,810	-	-	2,279,730
Capital projects	-	-	-	-	56,877	56,877
Debt service:						
Principal retirement	970,579	-	26,000	-	-	996,579
Interest and other fiscal charges	895,988	-	7,117	-	-	903,105
Total expenditures	$ 25,731,535	$ 1,765,329	$ 555,210	$ 2,497,102	$ 56,877	$ 30,606,053
Excess (deficiency) of revenues over (under) expenditures	$ (4,628,834)	$ (135,627)	$ (63,268)	$ 120,095	$ (56,877)	$ (4,764,511)
OTHER FINANCING SOURCES (USES)						
Transfers in	$ 3,839,350	$ 129,358	$ 80,259	$ -	$ 370,285	$ 4,419,252
Transfers out	(139,486)	-	(415)	(15,000)	(593,619)	(748,520)
Sale of capital assets	85,000	-	-	-	-	85,000
Total other financing sources (uses)	$ 3,784,864	$ 129,358	$ 79,844	$ (15,000)	$ (223,334)	$ 3,755,732
Net change in fund balances	$ (843,970)	$ (6,269)	$ 16,576	$ 105,095	$ (280,211)	$ (1,008,779)
Fund balances - beginning	6,509,095	211,430	6,184	(98,775)	569,549	7,197,483
Fund balances - ending	$ 5,665,125	$ 205,161	$ 22,760	$ 6,320	$ 289,338	$ 6,188,704

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

Exhibit 6

City of Radford, 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, 2016

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ (1,008,779)
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 the depreciation exceeded capital outlays in the current period.		
Capital outlays	$ 785,581	
Depreciation expense	(2,459,307)	(1,673,726)
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.		
Donation of asset	$ 1,075,000	
Disposal of assets	(56,057)	1,018,943
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ (148,772)	
Rescue squad charges	(858)	
Increase (decrease) in items related to measurement of net pension liability	778,523	628,893
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 repayments:		
General obligation bonds	$ 946,765	
Capital lease	49,814	996,579
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.		
Change in compensated absenses	$ 8,775	
Change in accrued interest payable	(1,093)	
Amortization of bond premium	80,230	
Change in net OPEB obligation	(7,724)	
Change in net pension liability	(218,715)	
Change in pension contributions subsequent to measurement date	20,166	(118,361)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		(1,170)
Change in net position of governmental activities		$ (157,621)

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

Exhibit 7

City of Radford, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Funds				
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,366,437	$ 3,535,167	$ -	$ 4,901,604	$ 370,478
Cash in custody of others (restricted)	325,376	-	-	325,376	-
Accounts receivable, net of allowance for uncollectibles	427,703	1,689,857	138,283	2,255,843	4,639
Due from other funds	684,032	4,771,121	308,749	5,763,902	-
Inventories	208,433	536,996	-	745,429	67,843
Prepaid items	-	-	-	-	5,481
Total current assets	$ 3,011,981	$ 10,533,141	$ 447,032	$ 13,992,154	$ 448,441
Noncurrent assets:					
Capital assets:					
Land	$ 188,734	$ 523,764	$ -	$ 712,498	$ -
Utility plant and lines in service	29,938,417	17,129,657	-	47,068,074	-
Buildings and improvements	49,209	427,973	-	477,182	48,326
Machinery and equipment	1,303,910	2,272,217	1,405,849	4,981,976	240,174
Construction in progress	-	270,461	-	270,461	-
Accumulated depreciation	(19,810,934)	(16,116,351)	(945,699)	(36,872,984)	(250,291)
Total capital assets	$ 11,669,336	$ 4,507,721	$ 460,150	$ 16,637,207	$ 38,209
Total noncurrent assets	$ 11,669,336	$ 4,507,721	$ 460,150	$ 16,637,207	$ 38,209
Total assets	$ 14,681,317	$ 15,040,862	$ 907,182	$ 30,629,361	$ 486,650
DEFERRED OUTFLOWS OF RESOURCES					
Pension contributions subsequent to measurement date	$ 96,746	$ 173,391	$ 42,193	$ 312,330	$ 17,937
Total deferred outflows of resources	$ 96,746	$ 173,391	$ 42,193	$ 312,330	$ 17,937
LIABILITIES					
Current liabilities:					
Accounts payable	$ 122,794	$ 602,153	$ 32,572	$ 757,519	$ 4,624
Salaries and wages payable	40,062	27,331	6,438	73,831	3,608
Customers' deposits	32,782	285,903	-	318,685	-
Due to other funds	1,744,314	56,372	-	1,800,686	157,255
Reconciled overdraft	-	-	7,795	7,795	-
Compensated absences - current portion	54,405	123,942	15,014	193,361	12,333
Capital lease - current portion	63,665	-	-	63,665	-
Bonds payable - current portion	495,675	55,659	-	551,334	-
Total current liabilities	$ 2,553,697	$ 1,151,360	$ 61,819	$ 3,766,876	$ 177,820
Noncurrent liabilities:					
Compensated absences - net of current portion	$ 18,135	$ 41,314	$ 5,005	$ 64,454	$ 4,111
Capital lease - net of current portion	261,711	-	-	261,711	-
Bonds payable - net of current portion	1,550,144	91,836	-	1,641,980	-
Net pension liability	587,805	1,033,661	276,230	1,897,696	114,759
Total noncurrent liabilities	$ 2,417,795	$ 1,166,811	$ 281,235	$ 3,865,841	$ 118,870
Total liabilities	$ 4,971,492	$ 2,318,171	$ 343,054	$ 7,632,717	$ 296,690
DEFERRED INFLOWS OF RESOURCES					
Items related to measurement of net pension liability	$ 107,124	$ 188,379	$ 50,341	$ 345,844	$ 20,915
Total deferred inflows of resources	$ 107,124	$ 188,379	$ 50,341	$ 345,844	$ 20,915
NET POSITION					
Net investment in capital assets	$ 9,623,517	$ 4,360,226	$ 460,150	$ 14,443,893	$ 38,209
Unrestricted	75,930	8,347,477	95,830	8,519,237	148,773
Total net position	$ 9,699,447	$ 12,707,703	$ 555,980	$ 22,963,130	$ 186,982

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

Exhibit 8

City of Radford, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	
OPERATING REVENUES					
Charges for services:					
Water sales	$ 2,412,327	$ -	$ -	$ 2,412,327	$ -
Electric sales	-	19,317,206	-	19,317,206	-
Sanitation charges	-	-	1,235,542	1,235,542	-
Internal service charges	-	-	-	-	654,454
Sewer sales	2,496,426	-	-	2,496,426	-
Tap fees	13,871	-	-	13,871	-
Connection fees	13,857	-	-	13,857	-
Availability fees	238,117	-	-	238,117	-
Penalties	84,439	197,015	-	281,454	-
Miscellaneous revenue	5,957	37,805	-	43,762	-
Other revenues	-	57,729	-	57,729	-
Total operating revenues	$ 5,264,994	$ 19,609,755	$ 1,235,542	$ 26,110,291	$ 654,454
OPERATING EXPENSES					
Personnel	$ 1,186,742	$ 1,917,603	$ 544,925	$ 3,649,270	$ 200,247
Professional services	61,408	215,790	6,061	283,259	131
Automotive expenses	51,361	57,315	113,510	222,186	324,093
Office supplies and expenses	1,655	6,791	100	8,546	558
Risk management	21,659	22,137	10,666	54,462	6,922
Postal services	239	150	-	389	-
Telecommunications	25,467	19,666	1,651	46,784	1,317
Conferences and education	785	4,129	-	4,914	-
Dues and memberships	615	38,353	-	38,968	-
Heating service	6,822	-	-	6,822	1,951
Repairs and maintenance	152,268	162,889	288	315,445	40,551
Janitorial supplies	1,142	1,190	100	2,432	599
Tools	4,273	53,739	100	58,112	10,321
Lease/rentals	807	84	-	891	-
Agricultural supplies	797	-	-	797	-
Uniforms	4,940	24,574	1,900	31,414	374
Building expenses	3,397	-	4,977	8,374	27,604
Solid waste services	1,880	2,490	-	4,370	-
Electrical service	253,124	1,257	-	254,381	29,529
Water and waste services	618	709	-	1,327	343
Refuse hauling	-	-	84,914	84,914	-
Supplies	10,718	-	-	10,718	-
Purchase of electricity	-	12,311,534	-	12,311,534	-
Services from other governments	1,688,860	-	241,720	1,930,580	-
Payment in lieu of taxes	592,042	1,147,532	223,903	1,963,477	-
Miscellaneous	3,785	18,675	-	22,460	-
Chemicals and gases	80,701	-	-	80,701	213
Depreciation	843,193	557,223	108,623	1,509,039	10,871
Total operating expenses	$ 4,999,298	$ 16,563,830	$ 1,343,438	$ 22,906,566	$ 655,624
Operating income (loss)	$ 265,696	$ 3,045,925	$ (107,896)	$ 3,203,725	$ (1,170)
NONOPERATING REVENUES (EXPENSES)					
Interest income	$ 5,989	$ 2,694	$ 120	$ 8,803	$ -
Gain (loss) on disposal of surplus	(3,886)	-	-	(3,886)	-
Interest expense	(27,748)	(3,384)	-	(31,132)	-
Total nonoperating revenues (expenses)	$ (25,645)	$ (690)	$ 120	$ (26,215)	$ -
Income before transfers	$ 240,051	$ 3,045,235	$ (107,776)	$ 3,177,510	$ (1,170)
Transfers out	-	(3,670,732)	-	(3,670,732)	-
Change in net position	$ 240,051	$ (625,497)	$ (107,776)	$ (493,222)	$ (1,170)
Net position - beginning	9,459,396	13,333,200	663,756	23,456,352	188,152
Net position - ending	$ 9,699,447	$ 12,707,703	$ 555,980	$ 22,963,130	$ 186,982

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

Exhibit 9

City of Radford, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 5,282,942	$ 19,604,415	$ 1,209,485	$ 26,096,842	$ -
Receipts from interfund services	-	-	-	-	652,202
Payments to suppliers	(3,010,675)	(14,855,844)	(692,698)	(18,559,217)	(472,546)
Payments to employees	(1,253,790)	(2,057,722)	(577,332)	(3,888,844)	(216,382)
Net cash provided by (used for) by operating activities	$ 1,018,477	$ 2,690,849	$ (60,545)	$ 3,648,781	$ (36,726)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	$ -	$ (3,670,732)	$ -	$ (3,670,732)	$ -
Advances from other funds	272,565	56,372	-	328,937	29,880
Advances to other funds	(192,954)	(1,068,421)	(53,313)	(1,314,688)	-
Net cash provided by (used for) by noncapital financing activities	$ 79,611	$ (4,682,781)	$ (53,313)	$ (4,656,483)	$ 29,880
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	$ (87,676)	$ (270,461)	$ -	$ (358,137)	$ (8,708)
Principal payments on bonds	(620,967)	(41,307)	-	(662,274)	-
Proceeds of capital lease	325,376	-	-	325,376	-
Interest expense	(27,748)	(3,384)	-	(31,132)	-
Net cash provided by (used for) by capital and related financing activities	$ (411,015)	$ (315,152)	$ -	$ (726,167)	$ (8,708)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	$ 5,989	$ 2,694	$ 120	$ 8,803	$ -
Net cash provided by (used for) by investing activities	$ 5,989	$ 2,694	$ 120	$ 8,803	$ -
Net increase (decrease) in cash and cash equivalents	$ 693,062	$ (2,304,390)	$ (113,738)	$ (1,725,066)	$ (15,554)
Cash and cash equivalents - beginning	998,751	5,839,557	105,943	6,944,251	386,032
Cash and cash equivalents - ending	$ 1,691,813	$ 3,535,167	$ (7,795)	$ 5,219,185	$ 370,478
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:					
Operating income (loss)	$ 265,696	$ 3,045,925	$ (107,896)	$ 3,203,725	$ (1,170)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	$ 843,193	$ 557,223	$ 108,623	$ 1,509,039	$ 10,871
(Increase) decrease in accounts receivable	19,293	2,476	(26,057)	(4,288)	(2,252)
(Increase) decrease in inventories	(27,838)	15,950	-	(11,888)	752
(Increase) decrease in prepaid items	15,564	17,343	8,026	40,933	4,206
(Increase) decrease in deferred outflows of resources	(135)	(3,499)	3,208	(426)	925
Increase (decrease) in customer deposits	(1,345)	(7,816)	-	(9,161)	-
Increase (decrease) in operating payables	(29,038)	(800,133)	(10,834)	(840,005)	(32,998)
Increase (decrease) in salaries and wages payable	(2,425)	(44,152)	(10,798)	(57,375)	(6,695)
Increase (decrease) in compensated absences	(7,547)	7,664	1,942	2,059	752
Increase (decrease) in net pension liability	22,247	39,122	10,455	71,824	4,343
Increase (decrease) in deferred inflows of resources	(79,188)	(139,254)	(37,214)	(255,656)	(15,460)
Total adjustments	$ 752,781	$ (355,076)	$ 47,351	$ 445,056	$ (35,556)
Net cash provided by (used for) by operating activities	$ 1,018,477	$ 2,690,849	$ (60,545)	$ 3,648,781	$ (36,726)

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

Exhibit 10

City of Radford, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Agency Funds
ASSETS	
Cash and cash equivalents	$ 86,006
Total assets	$ 86,006
LIABILITIES	
Amounts held for social services clients	$ 3,381
Amounts held for Highlander Festival	29,717
Amounts held for CSA program	48,038
Amounts held for employees	4,870
Total liabilities	$ 86,006

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

Note 1-Summary of Significant Accounting Policies:

The financial statements of the City of Radford, Virginia conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity

The City of Radford, Virginia (the City) is a municipal corporation governed by an elected five-member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units - None

Discretely Presented Component Units - The component unit columns in the financial statements include the financial data of the City's discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the City.

The Radford City School Board operates the elementary and secondary public schools in the City. School Board members are popularly elected. The School Board is fiscally dependent upon the City because the City approves all debt issuances of the School Board and provides significant funding to operate the public schools since the School Board does not have separate taxing powers. The School Board is presented as a governmental fund type. A separate report is issued for the School Board and can be obtained from the School Board office.

The Economic Development Authority is authorized to acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade by encouraging enterprises to locate and remain in Virginia. The Authority is governed by seven directors appointed by the Council of Radford City, Virginia. A separate report is issued for the Authority and can be obtained at the City offices.

Related Organizations - The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointment.

Jointly Governed Organizations – The City jointly governs the Pepper's Ferry Regional Wastewater Treatment Authority with the Board of Supervisors for the Counties of Pulaski and Montgomery and the Town Councils of the Towns of Dublin and Pulaski. The Authority was created to operate a wastewater equalization, pumping, treatment, and disposal system for its members. The City appoints two members to the Authority's board of directors. During the current fiscal year, the City paid $1,688,860 to the Pepper's Ferry Regional Wastewater Treatment Authority.

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

A. Financial Reporting Entity (Continued)

The City is also a member of the New River Resource Authority, which it jointly governs with the County of Pulaski, the Town of Pulaski, the Town of Dublin, and Counties of Montgomery and Giles. The City appoints two members to the Authority's seven-member board of directors. The City paid $198,689 in tipping fees to the New River Resource Authority during the current fiscal year.

The Counties of Bland, Carroll, Floyd, Giles, Grayson, Pulaski, and Wythe and the City of Radford created the New River Regional Jail Authority to operate a regional jail located in Dublin, Virginia. The primary source of funding for the Authority is a service charge based on the number of inmates from each jurisdiction. The City has no equity interest in the Authority but has offered a moral obligation for 6.6% of the Authority's debt payments. During the current fiscal year, the City paid $899,996 to the New River Regional Jail Authority for incarceration services.

Virginia's First Regional Industrial Facility Authority is a legal authority established under laws of Virginia by 15 local governments for the purpose of providing regional large-scale industrial facilities. The City has opted to participate in the initial phase of the New River Valley Commerce Park Project at a cost equal to a share of the annual debt service. During the current fiscal year, the City paid $28,258 for its equity share of the project.

B. Government-wide and fund 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 and its component units. 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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of net position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital position 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.

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).

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

B. Government-wide and fund financial statements (Continued)

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*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

C. 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 City, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the City.

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

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

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.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds.

The *transit fund* accounts for and reports financial resources that are restricted to expenditure for the benefit of the City's transit system. This fund is considered a major special revenue fund.

The *grants fund* accounts for and reports financial resources that are committed to expenditure for the purpose of grants received by the City. This fund is considered a major special revenue fund.

The *highway maintenance fund* accounts for and reports financial resources that are committed to expenditure for the purpose of constructing and maintaining the City's streets. This fund is considered a major special revenue fund.

The *capital projects fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

The government reports the following major proprietary funds:

The City operates a sewage collection and treatment system and a water distribution system. The activities of the system are accounted for in the Water and Sewer Fund.

The City provides electricity to citizens and businesses in the community. The activities of the electric department are accounted for in the Electric Fund.

The City provides solid waste collection services to citizens and businesses in the community. These activities are accounted for in the Solid Waste Fund.

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

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

Additionally, the government reports the following fund types:

Internal service funds account for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. Funds included in this category are for garage services and risk management.

Fiduciary funds account for assets held by the government in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds include the Special Welfare Fund, Highlander Festival, CSA Regional Program Fund, and Cafeteria Plan 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 government's water, sewer, and electric 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's enterprise funds and the internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

1. Cash and cash equivalents

The government'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.

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

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

2. Investments

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 are measured at amortized cost. All other investments are reported at fair value. Investments in custody of others include unspent bond proceeds and accumulated interest that the City intends to use for the new government complex.

3. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property when payment is due. Real estate taxes are payable on June 5th and on December 5th. Personal property taxes are due and collectible annually on December 5th. The City bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $1,490,929 at June 30, 2016. The allowance consists of delinquent taxes in the amount of $56,840, delinquent ambulance bills of $67,258, delinquent utility tax bills of $39,514, delinquent water and sewer bills of $229,752, delinquent solid waste fees of $74,387, and delinquent electric bills of $1,023,178.

6. 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.

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

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

7. 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 government 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 asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2016.

Property, plant, and equipment and infrastructure of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Infrastructure	30-40

7. 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 City only has one item that qualifies for reporting in this category. It is comprised contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

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

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

8. 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 City has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and ambulance billings receivables are reported in the governmental funds balance sheet. These amounts are comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th; amounts prepaid on the 2nd half installments and uncollected ambulance billings due prior to June 30. Under the modified accrual basis of accounting, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on pension plan investments. Deferred outflows of resources include pension contributions made after the pension liability measurement date and changes in the proportionate share(s) of pension liabilities for plans covering more than one entity. For more detailed information on these items, reference the pension note.

9. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The City accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Retirement Plan and the additions to/deductions from the City'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.

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

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

11. 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 premium or discount.

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.

12. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted —consist of assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

13. Net Position Flow Assumption

Sometimes the City 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 City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

14. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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

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

15. Fund equity

The City follows provisions of 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.

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

The City establishes (and modifies or rescinds) fund balance commitments by passage of a 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 the City 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).

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. By April 1, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All of the City's funds, excluding fiduciary funds, have legally adopted budgets.

Note 2-Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary information (Continued)

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. Only City Council can revise appropriations for each fund.

5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Operating Fund is integrated only at the level of legal adoption.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Appropriations lapse on June 30 for all City units.

8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is part of the City's accounting system.

B. Excess of expenditures over appropriations

For the year ended June 30, 2016, no expenditures exceeded appropriations.

C. Deficit fund equity

At June 30, 2016, no funds reported a deficit in fund equity.

Note 3-Deposits and Investments:

Deposits

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

Note 3-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).

Interest Rate Risk

The City has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)

Investment Type	Fair Value	1 Year	1-5 Years
Local Government Investment Pool	$ 5,056,626	$ 5,056,626	$ -
Totals	$ 5,056,626	$ 5,056,626	$ -

Credit Risk of Debt Securities

The City has not adopted an investment policy for credit risk. The City's rated debt investments as of June 30, 2016 were rated by Standard and Poor's rating scale and the ratings are presented below.

City's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings
	AAAm
Local Government Investment Pool	$ 5,056,626

External Investment Pools (Continued)

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Note 4-Due from Other Governmental Units:

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

	Primary Government
Commonwealth of Virginia:	
Local sales tax	$ 146,402
Local communication tax	117,932
Categorical aid-other	621,217
Non-categorical aid	30,012
Categorical aid-Virginia Public Assistance	48,652
Categorical aid-Comprehensive Services Act	329,577
Federal Government:	
Categorical aid-Virginia Public Assistance	86,026
Categorical aid-other	346,840
Total	$ 1,726,658

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2016, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 3,839,350	$ 139,486
Capital Projects Fund	370,285	593,619
Grants Fund	80,259	415
Transit Fund	129,358	-
Electric Fund	-	3,670,732
Highway Maintenance Fund	-	15,000
Total	$ 4,419,252	$ 4,419,252

Note 5-Interfund Transfers and Balances: (Continued)

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 one fund to other fund(s) to finance various programs accounted for in other funds in accordance with budgeting authorization.

	Due From	Due To
General Fund	$ -	$ 3,493,421
Highway Maintenance Fund	-	312,540
Water and Sewer Fund	684,032	1,744,314
Electric Fund	4,771,121	56,372
Solid Waste Fund	308,749	-
Internal Services Fund	-	157,255
Total	$ 5,763,902	$ 5,763,902

Interfund balances at year end represent amounts that have been transferred between funds in a lending or borrowing capacity and are expected to be repaid by current administration.

Note 6-Component-Unit Contribution and Obligations:

Component unit contributions for the year ended June 30, 2016, consisted of the following:

Component Unit:	
School Board	$ 5,059,972

At year end, the Primary Government carries a liability to the Component Unit-School Board for funds due to the School Board related to a capital project at the School Board.

Fund	Due to Primary Government/ Component Unit	Due from Primary Government/ Component Unit
Primary Government:		
General Fund	$ -	$ 5,934
Component Unit		
School Board	$ 5,934	$ -
Totals	$ 5,934	$ 5,934

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Note 7-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness (including internal service fund):

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2016.

	Balance July 1, 2015	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2016
General Obligation Bonds	$ 21,157,498	$ -	$ (946,765)	$ 20,210,733
Unamortized Premium	965,589	-	(80,230)	885,359
Capital Lease	154,376	-	(49,814)	104,562
Net OPEB obligation	74,919	15,862	(8,138)	82,643
Compensated Absences	718,535	527,676	(538,901)	707,310
Net pension liability	5,670,551	3,303,922	(3,080,864)	5,893,609
Total	$ 28,741,468	$ 3,847,460	$ (4,704,712)	$ 27,884,216

For governmental activities, compensated absences 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
2017	$ 915,472	$ 892,741
2018	965,385	854,679
2019	859,666	814,648
2020	825,370	775,838
2021	833,088	735,859
2022-2026	4,726,369	3,006,817
2027-2031	4,850,384	1,799,454
2032-2036	3,520,000	861,109
2037-2041	2,400,000	298,266
2042-2043	314,999	10,036
Totals	$ 20,210,733	$ 10,049,447

Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness (including internal service fund): (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:						
GO Bond	4.6-5.1%	5/15/2008	2034	8,120,000	$ 6,755,000	$ 235,000
GO Bond	3.6-5.35%	12/11/2008	2029	5,797,690	4,048,455	263,591
GO Bond	Libor + .02%	7/15/2010	2025	425,000	302,000	28,000
GO Bond	2.42%	12/18/2012	2020	1,385,906	540,278	203,881
GO Bond	3.22%	12/6/2012	2043	2,885,000	2,830,000	60,000
GO Bond	3.089-5.125%	5/13/2015	2041	5,875,000	5,735,000	125,000
Subtotal General Obligation Bonds					$ 20,210,733	$ 915,472
Add: Bond Premium	n/a	n/a	n/a	n/a	$ 92,392	$ -
Bond Premium	n/a	n/a	n/a	n/a	161,702	-
Bond Premium	n/a	n/a	n/a	n/a	147,920	-
Bond Premium	n/a	n/a	n/a	n/a	483,345	-
Total Bond Permium					$ 885,359	$ -
Total GO Bonds					$ 21,096,092	$ 915,472
Other Obligations:						
Capital Lease	n/a	n/a	n/a	n/a	104,562	51,441
Net OPEB Obligation	n/a	n/a	n/a	n/a	82,643	-
Compensated Absences	n/a	n/a	n/a	n/a	707,310	530,483
Net Pension Liability	n/a	n/a	n/a	n/a	5,893,609	-
Total Long-term Obligations					$ 27,884,216	$ 1,497,396

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Note 7-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Indebtedness:

The following is a summary of long-term debt transactions of the Enterprise Funds for the year ended June 30, 2016.

	Balance July 1, 2015	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2016
Revenue Bonds	$ 854,355	$ -	$ (38,437)	$ 815,918
General Obligation Bonds	2,001,233	-	(623,837)	1,377,396
Capital Lease	-	325,376	-	325,376
Compensated Absences	255,756	193,876	(191,817)	257,815
Net Pension Liability	1,825,872	1,063,838	(992,014)	1,897,696
Total	$ 4,937,216	1,583,090	$ (1,846,105)	$ 4,674,201

For business-type activities, compensated absences are generally liquidated in the same fund from which the respective employees are compensated.

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

Water/Wastewater Fund				
Year Ending	Revenue Bonds		General Obligation Bonds	
June 30,	Principal	Interest	Principal	Interest
2017	$ 38,437	$ -	$ 457,238	$ 17,968
2018	38,437	-	480,342	9,616
2019	38,437	-	193,709	2,131
2020	38,437	-	53,827	255
2021	38,437	-	9,951	-
2022-2026	187,990	-	34,834	-
2027-2031	150,258	-	-	-
2032-2036	150,258	-	-	-
2037-2041	135,227	-	-	-
Totals	$ 815,918	$ -	$ 1,229,901	$ 29,970

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Note 7-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Indebtedness: (Continued)

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

Electric Fund		
Year Ending	General Obligation Bonds	
June 30,	Principal	Interest
2017	$ 55,659	$ 2,231
2018	61,888	1,265
2019	24,176	280
2020	5,772	34
Totals	$ 147,495	$ 3,810

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Note 7-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Water/Sewer Fund						
Revenue Bonds:						
Revenue Bond	0.00%	9/29/2005	2026	$ 167,700	$ 79,657	$ 8,385
Revenue Bond	0.00%	1/1/2010	2041	901,546	736,261	30,052
Total Revenue Bonds					$ 815,918	$ 38,437
General Obligation Bonds:						
GO Bond	2.97%	8/1/1996	2016	$ 2,500,000	$ 24,235	$ 24,235
GO Bond	0.00%	7/30/2004	2024	337,660	84,584	9,951
GO Bond	2.42%	12/18/2012	2020	2,687,077	1,121,082	423,052
Total General Obligation Bonds					$ 1,229,901	$ 457,238
Other Obligations:						
Capital Lease	3.19%	6/15/2016	2021	$ 325,376	$ 325,376	$ 63,665
Compensated Absences	n/a	n/a	n/a	n/a	72,540	54,405
Net Pension Liability	n/a	n/a	n/a	n/a	587,805	-
Total Other Obligations					$ 985,721	$ 118,070
Total Long-term Obligations-Water/Sewer Fund					$ 3,031,540	$ 613,745
Electric Fund						
General Obligation Bonds:						
GO Bond	2.42%	12/18/2012	2020	$ 292,065	$ 147,495	$ 55,659
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 165,256	$ 123,942
Net Pension Liability	n/a	n/a	n/a	n/a	1,033,661	-
Total Other Obligations					$ 1,198,917	$ 123,942
Total Long-term Obligations-Electric Fund					$ 1,346,412	$ 179,601
Solid Waste Fund						
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 20,019	$ 15,014
Net Pension Liability	n/a	n/a	n/a	n/a	276,230	-
Total Other Obligations					$ 296,249	$ 15,014
Total Long-term Obligations-Solid Waste Fund					$ 296,249	$ 15,014
Total Long-term Obligations					$ 4,674,201	$ 808,360

Note 8-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the City are automatically covered by the VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the 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**
About Plan 1 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.	**About Plan 2** 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.	**About the Hybrid Retirement Plan** 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") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • 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.

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
		• 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.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** 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. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** 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. **Hybrid Opt-In Election** 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. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • 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. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**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.	***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.
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 will be paying the full 5% by 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.	**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 will be paying the full 5% by July 1, 2016.	**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.

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Creditable Service 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.	**Creditable Service** Same as Plan 1.	**Creditable Service** **Defined Benefit Component:** 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. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting 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. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** 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. **Defined Contributions Component:** 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. Members are always 100% vested in the contributions that they make.

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component: (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. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
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.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**Calculating the Benefit (Cont.)**	**Calculating the Benefit (Cont.)** **Defined Contribution Component:** 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.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
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%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **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.	**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. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. 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. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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. **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.	**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. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **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. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service.	**Earliest Reduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Reduced Retirement Eligibility (Cont.) **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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%. **Eligibility:** 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. 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.	**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%. **Eligibility:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • 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. • 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.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage 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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** 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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** 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. 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.
Purchase of Prior Service 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.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: •Hybrid Retirement Plan members are ineligible for ported service. •The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. •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. **Defined Contribution Component:** Not applicable.

Note 8-Pension Plan: (Continued)

Plan Description (Continued)

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2015-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, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	159
Inactive members:	
Vested inactive members	40
Non-vested inactive members	34
Inactive members active elsewhere in VRS	93
Total inactive members	167
Active members	213
Total covered employees	539

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 City's contractually required contribution rate for the year ended June 30, 2016 was 13.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

Note 8-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 City were $1,300,242 and $1,273,773 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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.

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Note 8-Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

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

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, 2014 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

Note 8-Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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.

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

Note 8-Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

The actuarial assumptions used in the June 30, 2014 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

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Note 8-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%.

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Note 8-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 City 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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	$ 47,789,311	$ 40,292,889	$ 7,496,422
Changes for the year:			
Service cost	$ 1,082,227	$ -	$ 1,082,227
Interest	3,259,677	-	3,259,677
Differences between expected and actual experience	(456,628)	-	(456,628)
Contributions - employer	-	1,273,773	(1,273,773)
Contributions - employee	-	501,462	(501,462)
Net investment income	-	1,841,013	(1,841,013)
Benefit payments, including refunds of employees contributions	(2,444,989)	(2,444,989)	-
Administrative expenses	-	(25,469)	25,469
Other changes	-	(386)	386
Net changes	$ 1,440,287	$ 1,145,404	$ 294,883
Balances at June 30, 2015	$ 49,229,598	$ 41,438,293	$ 7,791,305

Note 8-Pension Plan: (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City using the discount rate of 7.00%, as well as what the City's net pension liability 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%)
City Net Pension Liability	14,382,685	7,791,305	2,319,941

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

For the year ended June 30, 2016, the City recognized pension expense of $519,018. At June 30, 2016, the City 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	$ -	$ 331,866
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,088,057
Employer contributions subsequent to the measurement date	1,300,242	-
Total	$ 1,300,242	$ 1,419,923

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Note 8-Pension Plan: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$1,300,242 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30		
2017	$	(551,123)
2018		(551,123)
2019		(508,705)
2020		191,028
Thereafter		-

Note 9-Other Postemployment Benefits-Health Insurance:

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. In adopting the requirements of GASB Statement No. 45, the City 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 the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability. As allowable by GASB Statement No. 45, the City calculates their OPEB obligation using an alternative approach and certain simplified assumptions.

A. Plan Description

The City administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees of the City in the health insurance programs available to City employees. The Plan will provide retiring employees the option to continue health insurance offered by the City. An eligible City retiree may receive this benefit until the retiree is eligible to receive Medicare. To be eligible for this benefit a retiree must have 10 years of service with the City and the employee must be eligible to retire from the City under the Virginia Retirement System. The benefits, employee contributions and the employer contributions are governed by the City and can be amended through City Council action. The Plan does not issue a publicly available financial report.

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Note 9-Other Postemployment Benefits-Health Insurance: (Continued)

B. Funding Policy

The City currently pays for post-retirement health care benefits on a pay-as-you-go basis. The City currently has 24 employees that are eligible for the program. In addition, for retirees of the City, 100 percent of premiums are the responsibility of the retiree. The rates were as follows at June 30, 2016:

Participants	Monthly Premium
Employee	$ 745

The City is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

C. Annual OPEB Cost and Net OPEB Obligation

For 2016, the City's annual OPEB cost (expense) was $15,862 and the ARC was $15,556. The obligation calculation is as follows:

Annual required contribution	$ 15,556
Interest on net OPEB obligation	2,997
Adjustment to annual required contribution	(2,691)
Annual OPEB cost (expense)	$ 15,862
Contributions made	8,138
Increase in net OPEB obligation	$ 7,724
Net OPEB obligation - beginning of year	74,919
Net OPEB obligation - ending of year	$ 82,643

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	$ 15,862	51%	$ 82,643
6/30/2015	14,303	63%	74,919
6/30/2014	17,902	51%	69,667

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Note 9-Other Postemployment Benefits-Health Insurance: (Continued)

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2016 (the most recent valuation date), was as follows:

Actuarial accrued liability (AAL)	$	244,989
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	$	244,989
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	$	981,534
UAAL as a percentage of covered payroll		24.96%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in 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 revision 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.

E. Actuarial methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan 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, 2016, the most recent actuarial valuation, the entry age normal actuarial cost method was used. Under this method, stable employer contributions are produced in amounts that increase at the same rate as the employer's payroll. The actuarial assumptions included: inflation at 3.0%, an investment rate of return at 4.0%, and a health care trend rate of 4.70% graded to 5.50%. The UAAL is being amortized as a level percentage on an open basis over the remaining amortization period, which at June 30, 2016, was 26.17 years.

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Note 10-Other Postemployment Benefits – VRS Health Insurance Credit:

A. Plan Description

The City participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of the City, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of $1.50 per year of creditable service up to a maximum monthly credit of $45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of $45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 7.

B. Funding Policy

As a participating local political subdivision, the City is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The City's contribution rate for the fiscal year ended 2016 was 0.31% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The City is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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.

Note 10-Other Postemployment Benefits – VRS Health Insurance Credit: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

For 2016, the City's contribution of $25,058 was equal to the ARC and OPEB cost. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years are as follows:

	Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
Primary Government:				
City	6/30/2016	$ 25,058	100.00%	$ -
	6/30/2015	30,205	100.00%	-
	6/30/2014	22,720	100.00%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$ 477,675
Actuarial value of plan assets	$ 201,183
Unfunded actuarial accrued liability (UAAL)	$ 276,492
Funded ratio (actuarial value of plan assets/AAL)	42.12%
Covered payroll (active plan members)	$ 7,980,163
UAAL as a percentage of covered payroll	3.46%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. 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 revision 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 presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Note 10-Other Postemployment Benefits – VRS Health Insurance Credit: (Continued)

E. 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 included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2015 was 19-28 years.

The Retiree Health Insurance Credit benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by years of service and the maximum benefit is assumed, no assumption relating to healthcare cost trend rates is needed or applied.

Note 11-Unavailable/Deferred Revenue:

Unearned 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. Unavailable revenue totaling $3,505,331 is comprised of the following:

Unavailable revenue

Unavailable property tax revenue totaling $3,455,196 represent uncollected property tax billings that are not available for the funding of current expenditures, totaling $3,279,212, and prepaid property taxes not due until December 5, 2016 but paid prior to June 30, 2016, totaling $175,984.

Unavailable ambulance billings totaling $50,135 represent uncollected ambulance billings that are not available for the funding of current expenditures.

Note 12-Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling $326,565 is comprised of the following:

Booth rentals and donations for the City's July 4th celebration received in advance of year end totaled $25,765.

Note 12-Unearned Revenue: (Continued)

Donation from Radford University for the purchase of a fire truck that will be purchased in fiscal year 2017 totaled $300,000.

Cell tower revenue received for July 2016 rent totaled $700.

Overpayment from the Commonwealth totaled $100.

Note 13-Capital Assets:

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government: (including internal service fund)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 2,419,142	$ 213,000	$ -	$ 2,632,142
Construction in progress	5,973,559	228,716	(120,131)	6,082,144
Total capital assets not being depreciated	$ 8,392,701	$ 441,716	$ (120,131)	$ 8,714,286
Capital assets, being depreciated:				
Buildings and improvements	$ 37,123,519	$ 897,708	$ (5,506)	$ 38,015,721
Infrastructure	50,928,115	160,131	-	51,088,246
Machinery and equipment	11,962,026	489,865	(988,242)	11,463,649
Total capital assets being depreciated	$ 100,013,660	$ 1,547,704	$ (993,748)	$ 100,567,616
Accumulated depreciation:				
Buildings and improvements	$ (7,333,890)	$ (824,400)	$ 5,506	$ (8,152,784)
Infrastructure	(30,685,856)	(823,082)	-	(31,508,938)
Machinery and equipment	(7,717,025)	(822,696)	932,185	(7,607,536)
Total accumulated depreciation	$ (45,736,771)	$ (2,470,178)	$ 937,691	$ (47,269,258)
Total capital assets being depreciated, net	$ 54,276,889	$ (922,474)	$ (56,057)	$ 53,298,358
Governmental activities capital assets, net	$ 62,669,590	$ (480,758)	$ (176,188)	$ 62,012,644

Asset additions include donated assets of land and buildings. Assets donated to the City above totaled $1,075,000 with the value of same determined by an appraisal.

Asset deletions include an asset transferred to the water and sewer fund of $24,619. Depreciation deletions include accumulated depreciation on the asset transferred to the water and sewer fund of $24,619.

Note 13-Capital Assets: (Continued)

	Balance	Increases	Decreases	Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 712,498	$ -	$ -	$ 712,498
Construction in progress	15,040	300,211	(44,790)	270,461
Total capital assets not being depreciated	$ 727,538	$ 300,211	$ (44,790)	$ 982,959
Capital assets, being depreciated:				
Buildings and structures	$ 459,428	$ 17,754	$ -	$ 477,182
Machinery and equipment	4,987,956	64,792	(70,772)	4,981,976
Plant and infrastructure	47,023,285	44,789	-	47,068,074
Total capital assets being depreciated	$ 52,470,669	$ 127,335	$ (70,772)	$ 52,527,232
Accumulated depreciation:				
Buildings and structures	$ (196,944)	$ (14,443)	$ -	$ (211,387)
Machinery and equipment	(3,194,660)	(380,106)	66,886	(3,507,880)
Plant and infrastructure	(32,014,608)	(1,139,109)	-	(33,153,717)
Total accumulated depreciation	$ (35,406,212)	$ (1,533,658)	$ 66,886	$ (36,872,984)
Total capital assets being depreciated, net	$ 17,064,457	$ (1,406,323)	$ (3,886)	$ 15,654,248
Business-type activities capital assets, net	$ 17,791,995	$ (1,106,112)	$ (48,676)	$ 16,637,207

Asset additions include an asset transferred from the general fund of $24,619. Depreciation addition includes accumulated depreciation on the asset transferred from the general fund of $24,619.

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Note 13-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	$ 160,141
Judicial administration	12,313
Public safety	427,715
Public works	938,636
Health and welfare	385
Education	278,354
Parks, recreation, and culture	316,981
Community Development	324,782
Internal service funds	10,871
Total depreciation expense-governmental activities	$ 2,470,178
Business type activities:	
Water and Sewer Fund	$ 843,193
Electric Fund	557,223
Solid Waste Fund	108,623
Total depreciation expense-business type activities	$ 1,509,039

Certain capital assets have been transferred between funds; thus, the asset cost and accumulated depreciation were reported as additions in the current year.

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Note 14-Capital Leases:

The City has entered into lease agreements to finance the acquisition of a Fire Truck and Water and Sewer Truck. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments at the date of inception.

The cost and accumulated depreciation associated with the fire truck acquired through a capital lease is as follows:

	Fire Truck
Machinery & Equipment	$ 900,638
Accumulated Depreciation	(261,358)
Total	$ 639,280

The water and sewer truck has not been purchased as of June 30, 2016. The City received the funding for the truck and it is shown as cash in custody of others.

Annual requirements to amortize lease agreements and related interest are as follows:

Fiscal Year Ended	Leases
2017	$ 125,370
2018	125,241
2019	70,725
2020	70,725
2021	70,725
Total minimum lease payments	$ 462,786
Less: amount representing interest	(32,848)
Present value of minimum lease payments	$ 429,938

Note 15-Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates with other localities in a public entity risk pool for their coverage of general liability, property, auto insurance and workers compensation with the Virginia Municipal League. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The City pays the Virginia Municipal League contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

Note 16-Contingent Liabilities:

Federal programs in which the City and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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.

Note 17-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:	
Ann Howard, Clerk of Circuit Court	$ 190,000
Janet H. Jones, Treasurer	500,000
Cathy Flinchum, Commissioner of Revenue	3,000
Mark Armentrout, Sheriff	30,000

Note 18-Commitments and Contingencies:

The City leases the Farmer's Market lot, which it uses to provide additional public parking downtown. The lease terms call for monthly payments of $4,068 with potential increases at every five-year renewal. The rental increases will be based on the consumer price index. The City may renew the lease for an additional five years after the current lease expires. The renewal terms will expire in 2017.

The City leases the old Hardee's lot across from the theater downtown, which it uses to provide additional public parking downtown. The lease terms call for an annual payments of $17,545 with potential increases each year. The rental increases will be based on the consumer price index. The City may renew the lease annually after the current lease expires.

The City leases the parking spaces on Main Street in front of the Norfolk Southern office, which it uses to provide additional public parking downtown. The lease terms call for monthly payments of $375 with potential increases each year. The rental increases will be based on the consumer price index. The City may renew the lease annually after the current lease expires.

Note 19-Arbitrage Rebate Compliance:

As of June 30, 2016, and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

Note 20-Restricted and Committed Fund Balance:

Governmental Activities/Funds:	General Fund	Capital Projects Fund	Transit Fund	Grants Fund	Total
Restricted:					
Hazmat operations	$ 73,251	$ -	$ -	$ -	$ 73,251
Fire donations	62,542	-	-	-	62,542
Police department	72,155	-	-	-	72,155
Four for life program	22,612	-	-	-	22,612
Fire programs	404,458	-	-	-	404,458
Recreation donations	42,514	-	-	-	42,514
Library donations	5,963	-	-	-	5,963
Courthouse maintenance	16,174	-	-	-	16,174
Law library	12,608	-	-	-	12,608
Beautification donations	10,586	-	-	-	10,586
Inmate booking	16,982	-	-	-	16,982
Transit operations	-	-	205,161	-	205,161
Total restricted balances	$ 739,845	$ -	$ 205,161	$ -	$ 945,006
Commited funds:					
Library fines/copier fees/donations	$ 119,392	$ -	$ -	$ -	$ 119,392
Project lifesaver	1,325	-	-	-	1,325
Volunteer service awards	59,555	-	-	-	59,555
DMV revenues	86,393	-	-	-	86,393
School Board	3,176,612	-	-	-	3,176,612
Capital projects	-	289,338	-		289,338
Grants fund	-	-	-	22,760	22,760
Total committed balances	$ 3,443,277	$ 289,338	$ -	$ 22,760	$ 3,755,375

Note 21-Litigation:

At June 30, 2016, there were no matters of litigation involving the City for which would materially affect the City's financial position should any court decisions on pending matters not be favorable to the City.

Note 22-Adoption of Accounting Principles:

Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*

The City implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the City's financial statement as a result of the implementation of Statement No. 79. All required disclosures are located in Note 3.

Note 22-Adoption of Accounting Principles: (Continued)

Governmental Accounting Standards Board Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*

The City early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans,* No. 68, *Accounting and Financial Reporting for Pensions,* and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

Note 23-Upcoming Pronouncements:

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016.

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. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

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

Required Supplementary Information

Exhibit 11

City of Radford, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 7,971,224	$ 7,971,224	$ 7,745,589	$ (225,635)
Other local taxes	3,970,084	3,970,084	3,901,055	(69,029)
Permits, privilege fees, and regulatory licenses	45,824	45,824	43,518	(2,306)
Fines and forfeitures	231,800	236,955	266,488	29,533
Revenue from the use of money and property	150,715	150,715	158,637	7,922
Charges for services	688,830	688,830	729,169	40,339
Miscellaneous	2,253,877	2,272,418	2,412,074	139,656
Recovered costs	-	-	7,980	7,980
Intergovernmental	5,690,314	5,937,974	5,838,191	(99,783)
Total revenues	$ 21,002,668	$ 21,274,024	$ 21,102,701	$ (171,323)
EXPENDITURES				
Current:				
General government administration	$ 2,639,641	$ 2,788,180	$ 2,786,184	$ 1,996
Judicial administration	1,279,223	1,273,565	1,273,445	120
Public safety	6,914,263	7,574,061	7,572,989	1,072
Public works	978,898	1,002,720	989,720	13,000
Health and welfare	3,244,308	3,533,395	3,531,687	1,708
Education	5,646,392	5,479,701	5,066,836	412,865
Parks, recreation, and cultural	2,109,119	2,201,130	2,194,516	6,614
Community development	443,878	450,338	449,591	747
Debt service:				
Principal retirement	943,535	970,580	970,579	1
Interest and other fiscal charges	895,988	895,988	895,988	-
Total expenditures	$ 25,095,245	$ 26,169,658	$ 25,731,535	$ 438,123
Excess (deficiency) of revenues over (under) expenditures	$ (4,092,577)	$ (4,895,634)	$ (4,628,834)	$ 266,800
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 3,806,935	$ 3,839,350	$ 3,839,350	$ -
Transfers out	(129,358)	(139,486)	(139,486)	-
Sale of capital assets	15,000	70,600	85,000	14,400
Total other financing sources (uses)	$ 3,692,577	$ 3,770,464	$ 3,784,864	$ 14,400
Net change in fund balances	$ (400,000)	$ (1,125,170)	$ (843,970)	$ 281,200
Fund balances - beginning	400,000	1,125,170	6,509,095	5,383,925
Fund balances - ending	$ -	$ -	$ 5,665,125	$ 5,665,125

Note: GAAP serves as the budgetary basis of accounting

Exhibit 12

City of Radford, Virginia
Transit Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 46,079	$ 46,079	$ 26,047	$ (20,032)
Miscellaneous	561,886	561,886	505,943	(55,943)
Intergovernmental	3,544,570	3,557,628	1,097,712	(2,459,916)
Total revenues	$ 4,152,535	$ 4,165,593	$ 1,629,702	$ (2,535,891)
EXPENDITURES				
Current:				
Community development	$ 4,281,893	$ 4,308,009	$ 1,765,329	$ 2,542,680
Total expenditures	$ 4,281,893	$ 4,308,009	$ 1,765,329	$ 2,542,680
Excess (deficiency) of revenues over (under) expenditures	$ (129,358)	$ (142,416)	$ (135,627)	$ 6,789
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 129,358	$ 142,416	$ 129,358	$ (13,058)
Total other financing sources (uses)	$ 129,358	$ 142,416	$ 129,358	$ (13,058)
Net change in fund balances	$ -	$ -	$ (6,269)	$ (6,269)
Fund balances - beginning	-	-	211,430	211,430
Fund balances - ending	$ -	$ -	$ 205,161	$ 205,161

Note: GAAP serves as the budgetary basis of accounting

Exhibit 13

City of Radford, Virginia
Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Grants Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Miscellaneous	$ -	$ -	$ 969	$ 969
Intergovernmental	116,360	890,217	490,973	(399,244)
Total revenues	$ 116,360	$ 890,217	$ 491,942	$ (398,275)
EXPENDITURES				
Current:				
Public safety	$ 29,687	$ 495,664	$ 329,046	$ 166,618
Public works	16	6,426	5,480	946
Health and welfare	4,017	164,017	22,427	141,590
Parks, recreation, and cultural	30,198	98,129	100,330	(2,201)
Community development	60,302	178,784	64,810	113,974
Debt service:				
Principal retirement	-	26,000	26,000	-
Interest and other fiscal charges	-	7,117	7,117	-
Total expenditures	$ 124,220	$ 976,137	$ 555,210	$ 420,927
Excess (deficiency) of revenues over (under) expenditures	$ (7,860)	$ (85,920)	$ (63,268)	$ 22,652
OTHER FINANCING SOURCES (USES)				
Transfers in	69,818	78,059	80,259	$ 2,200
Transfers out	-	(415)	(415)	-
Total other financing sources (uses)	$ 69,818	$ 77,644	$ 79,844	$ 2,200
Net change in fund balances	$ 61,958	$ (8,276)	$ 16,576	$ 24,852
Fund balances - beginning	29,108	8,276	6,184	(2,092)
Fund balances - ending	$ 91,066	$ -	$ 22,760	$ 22,760

Exhibit 14

City of Radford, Virginia
Highway Maintenance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Highway Maintenance Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 65	$ 65	$ 423	$ 358
Charges for services	34,000	34,000	53,984	19,984
Intergovernmental	2,194,088	2,561,988	2,562,790	802
Total revenues	$ 2,228,153	$ 2,596,053	$ 2,617,197	$ 21,144
EXPENDITURES				
Current:				
Public works	$ 2,087,675	$ 2,540,329	$ 2,497,102	$ 43,227
Total expenditures	$ 2,087,675	$ 2,540,329	$ 2,497,102	$ 43,227
Excess (deficiency) of revenues over (under) expenditures	$ 140,478	$ 55,724	$ 120,095	$ 64,371
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (140,478)	$ (75,055)	$ (15,000)	$ 60,055
Total other financing sources (uses)	$ (140,478)	$ (75,055)	$ (15,000)	$ 60,055
Net change in fund balances	$ -	$ (19,331)	$ 105,095	$ 124,426
Fund balances - beginning	-	19,331	(98,775)	(118,106)
Fund balances - ending	$ -	$ -	$ 6,320	$ 6,320

Exhibit 15

City of Radford, Virginia
Schedule of Components of and Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016

	2015	2014
Total pension liability		
Service cost	$ 1,082,227	$ 1,057,024
Interest	3,259,677	3,126,776
Changes of benefit terms	-	-
Differences between expected and actual experience	(456,628)	-
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	(2,444,989)	(2,125,449)
Net change in total pension liability	$ 1,440,287	$ 2,058,351
Total pension liability - beginning	47,789,311	45,730,960
Total pension liability - ending (a)	$ 49,229,598	$ 47,789,311
Plan fiduciary net position		
Contributions - employer	$ 1,273,773	$ 1,241,514
Contributions - employee	501,462	470,159
Net investment income	1,841,013	5,535,488
Benefit payments, including refunds of employee contributions	(2,444,989)	(2,125,449)
Administrative expense	(25,469)	(29,889)
Other	(386)	291
Net change in plan fiduciary net position	$ 1,145,404	$ 5,092,114
Plan fiduciary net position - beginning	40,292,889	35,200,775
Plan fiduciary net position - ending (b)	$ 41,438,293	$ 40,292,889
Political subdivision's net pension liability - ending (a) - (b)	$ 7,791,305	$ 7,496,422
Plan fiduciary net position as a percentage of the total pension liability	84.17%	84.31%
Covered payroll	$ 9,743,411	$ 9,405,837
Political subdivision's net pension liability as a percentage of covered payroll	79.96%	79.70%

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.

Exhibit 16

City of Radford, Virginia
Schedule of Employer Contributions
For the Year Ended June 30, 2016

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2016	$ 1,300,242	$ 1,300,242	$ -	$ 9,926,444	13.10%
2015	1,273,773	1,273,773	-	9,743,411	13.07%
2014	1,241,514	1,241,514	-	9,405,837	13.20%
2013	1,194,706	1,194,706	-	9,043,955	13.21%
2012	769,538	769,538	-	8,410,248	9.15%
2011	760,972	760,972	-	8,405,608	9.05%
2010	744,997	744,997	-	8,573,036	8.69%
2009	760,972	760,972	-	8,756,875	8.69%
2008	836,847	836,847	-	8,360,105	10.01%
2007	778,920	778,920	-	8,122,527	9.59%

Current year contributions are from City records and prior year contributions are from the VRS actuarial valuation performed each year.

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

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 was a 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

Exhibit 18

City of Radford, Virginia
Schedule of OPEB Funding Progress
For the Year Ended June 30, 2016

Primary Government
City Retirees Healthcare Plan

Actuarial Valuation as of(1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2016	$ -	$ 244,989	$ 244,989	0.00%	$ 981,534	24.96%
6/30/2015	-	225,100	225,100	0.00%	1,690,795	13.31%
6/30/2014	-	282,800	282,800	0.00%	1,491,973	18.95%

Health Insurance Credit Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2016	$ 201,183	$ 477,675	$ 276,492	42.12%	$ 7,980,163	3.46%
6/30/2015	200,667	472,069	271,402	42.51%	7,777,846	3.49%
6/30/2014	184,328	470,434	286,106	39.18%	7,629,433	3.75%

Other Supplementary Information

Exhibit 19

City of Radford, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES				
Capital projects	$ 238,771	$ 253,771	$ 56,877	$ 196,894
Total expenditures	$ 238,771	$ 253,771	$ 56,877	$ 196,894
Excess (deficiency) of revenues over (under) expenditures	$ (238,771)	$ (253,771)	$ (56,877)	$ 196,894
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 370,285	$ 370,285	$ -
Transfers out	(67,931)	(593,619)	(593,619)	-
Total other financing sources (uses)	$ (67,931)	$ (223,334)	$ (223,334)	$ -
Net change in fund balances	$ (306,702)	$ (477,105)	$ (280,211)	$ 196,894
Fund balances - beginning	306,702	477,105	569,549	92,444
Fund balances - ending	$ -	$ -	$ 289,338	$ 289,338

Exhibit 20

City of Radford, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2016

	Agency Funds			
	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
ASSETS				
Cash and cash equivalents:				
Special Welfare Fund	$ 6,347	$ 45,020	$ 47,986	$ 3,381
Highlander Festival	23,317	13,258	6,858	29,717
CSA Regional Program	45,372	16,925	14,259	48,038
Cafeteria Plan Fund	4,433	437	-	4,870
Total assets	$ 79,469	$ 75,640	$ 69,103	$ 86,006
LIABILITIES				
Amounts held for others:				
Social services clients	$ 6,347	$ 45,020	$ 47,986	$ 3,381
Highlander Festival	23,317	13,258	6,858	29,717
CSA Regional Program	45,372	16,925	14,259	48,038
Amounts held for employees	4,433	437	-	4,870
Total liabilities	$ 79,469	$ 75,640	$ 69,103	$ 86,006

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	$ 6,222,000	$ 6,222,000	$ 6,105,625	$ (116,375)
Real and personal public service corporation taxes	190,000	190,000	200,285	10,285
Personal property taxes	772,740	772,740	736,498	(36,242)
Mobile home taxes	3,484	3,484	2,727	(757)
Machinery and tools taxes	358,000	358,000	346,299	(11,701)
Furniture and fixtures	330,000	330,000	236,641	(93,359)
Penalties and interest	95,000	95,000	117,514	22,514
Total general property taxes	$ 7,971,224	$ 7,971,224	$ 7,745,589	$ (225,635)
Other local taxes:				
Local sales and use taxes	$ 1,018,000	$ 1,018,000	$ 992,383	$ (25,617)
Consumers' utility taxes	565,084	565,084	514,537	(50,547)
Tobacco tax	60,000	60,000	66,110	6,110
Business license taxes	475,000	475,000	486,544	11,544
Franchise license tax	50,000	50,000	45,794	(4,206)
Motor vehicle licenses	197,000	197,000	199,940	2,940
Bank stock taxes	200,000	200,000	188,701	(11,299)
Taxes on recordation and wills	100,000	100,000	96,608	(3,392)
Hotel and motel room taxes	180,000	180,000	186,585	6,585
Restaurant food taxes	1,125,000	1,125,000	1,123,853	(1,147)
Total other local taxes	$ 3,970,084	$ 3,970,084	$ 3,901,055	$ (69,029)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 3,900	$ 3,900	$ 3,640	$ (260)
Transfer fees	275	275	274	(1)
Zoning fees	1,600	1,600	2,200	600
Permits and other licenses	40,049	40,049	37,404	(2,645)
Total permits, privilege fees, and regulatory licenses	$ 45,824	$ 45,824	$ 43,518	$ (2,306)
Fines and forfeitures:				
Court fines and forfeitures	$ 231,800	$ 236,955	$ 266,488	$ 29,533
Revenue from use of money and property:				
Revenue from use of money	$ 2,000	$ 2,000	$ 6,915	$ 4,915
Revenue from use of property	148,715	148,715	151,722	3,007
Total revenue from use of money and property	$ 150,715	$ 150,715	$ 158,637	$ 7,922
Charges for services:				
Charges for law enforcement and traffic control	$ 26,680	$ 26,680	$ 20,351	$ (6,329)
Charges for courthouse maintenance	5,000	5,000	4,707	(293)
Charges for courtroom security	22,000	22,000	25,937	3,937
Charges for Collection fees	45,000	45,000	51,943	6,943

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Miscellaneous jail and inmate fees	$ 6,800	$ 6,800	$ 9,377	$ 2,577
Charges for Commonwealth's Attorney	2,800	2,800	3,357	557
Charges for rescue services	420,000	420,000	426,181	6,181
Animal protection services	2,800	2,800	4,916	2,116
Charges for parks and recreation	78,300	78,300	103,473	25,173
Charges for DMV Registrations	28,000	28,000	36,242	8,242
Other charges for services	34,950	34,950	25,308	(9,642)
Charges for law library	2,800	2,800	2,723	(77)
Charges for library	13,700	13,700	14,654	954
Total charges for services	$ 688,830	$ 688,830	$ 729,169	$ 40,339
Miscellaneous:				
Miscellaneous	$ 5,400	$ 10,841	$ 67,825	$ 56,984
Revenue sharing payments - Montgomery	162,000	162,000	183,204	21,204
Revenue sharing payments - Pulaski	50,000	50,000	104,975	54,975
Gifts and donations	73,000	86,100	92,593	6,493
Payments in lieu of taxes	1,963,477	1,963,477	1,963,477	-
Total miscellaneous	$ 2,253,877	$ 2,272,418	$ 2,412,074	$ 139,656
Recovered costs:				
Insurance recoveries	$ -	$ -	$ 7,980	$ 7,980
Total revenue from local sources	$ 15,312,354	$ 15,336,050	$ 15,264,510	$ (71,540)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling Stock Tax	$ 26,075	$ 26,075	$ 23,997	$ (2,078)
Mobile home titling tax	1,000	1,000	1,050	50
Motor vehicle rental tax	50,000	50,000	50,517	517
Communications tax	750,000	750,000	721,993	(28,007)
State tax on deeds	21,000	21,000	25,366	4,366
Personal property tax relief funds	625,657	625,657	625,657	-
Total noncategorical aid	$ 1,473,732	$ 1,473,732	$ 1,448,580	$ (25,152)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 284,459	$ 284,459	$ 252,172	$ (32,287)
Sheriff	294,093	294,093	292,222	(1,871)
Commissioner of revenue	81,548	81,548	81,530	(18)
Treasurer	84,853	84,853	84,836	(17)
Registrar/electoral board	37,000	37,000	40,554	3,554
Clerk of the Circuit Court	185,926	185,926	185,873	(53)
Total shared expenses	$ 967,879	$ 967,879	$ 937,187	$ (30,692)

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	$ 629,146	$ 747,146	$ 638,825	$ (108,321)
Comprehensive services act	1,087,537	1,087,537	1,030,748	(56,789)
Assistance to local police departments	468,832	468,832	468,832	-
VHDA funds	33,000	33,000	36,210	3,210
VJCCA funds	10,200	10,200	10,199	(1)
Library grant	141,958	141,958	141,709	(249)
Wireless E-911 payment state grant	42,000	42,000	43,240	1,240
Emergency services funds	30,000	41,660	51,397	9,737
Spay and Neuter Grant	67	67	12	(55)
Fire program	49,278	49,278	52,003	2,725
4-for-life funds	-	-	9,547	9,547
Total other categorical aid	$ 2,492,018	$ 2,621,678	$ 2,482,722	$ (138,956)
Total categorical aid	$ 3,459,897	$ 3,589,557	$ 3,419,909	$ (169,648)
Total revenue from the Commonwealth	$ 4,933,629	$ 5,063,289	$ 4,868,489	$ (194,800)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	$ 756,685	$ 874,685	$ 969,702	$ 95,017
Total revenue from the federal government	$ 756,685	$ 874,685	$ 969,702	$ 95,017
Total General Fund	$ 21,002,668	$ 21,274,024	$ 21,102,701	$ (171,323)
Special Revenue Funds:				
Transit Fund				
Revenue from local sources:				
Charges for services:				
Fares	$ 31,070	$ 31,070	$ 26,047	$ (5,023)
Advertising fees	15,009	15,009	-	(15,009)
Total charges for services	$ 46,079	$ 46,079	$ 26,047	$ (20,032)
Miscellaneous:				
Contributions from Radford University	$ 561,886	$ 561,886	$ 505,943	$ (55,943)
Total revenue from local sources	$ 607,965	$ 607,965	$ 531,990	$ (75,975)

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Transit Fund (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State transit funds	$ 706,595	$ 719,653	$ 330,937	$ (388,716)
Total revenue from the Commonwealth	$ 706,595	$ 719,653	$ 330,937	$ (388,716)
Revenue from the federal government:				
Categorical aid:				
Formula grants for other than urbanized areas	$ 2,837,975	$ 2,837,975	$ 766,775	$ (2,071,200)
Total revenue from the federal government	$ 2,837,975	$ 2,837,975	$ 766,775	$ (2,071,200)
Total Transit Fund	$ 4,152,535	$ 4,165,593	$ 1,629,702	$ (2,535,891)
Grants Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	$ -	$ -	$ 969	$ 969
Total revenue from local sources	$ -	$ -	$ 969	$ 969
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Crime victim assistance	$ -	$ 86,720	$ 86,710	$ (10)
Litter control	16	6,426	6,410	(16)
Emergency management assistance	-	-	-	-
Wireless E-911 Funding	-	-	-	-
Crisis intervention team grant	-	226,108	106,659	(119,449)
Game and Inland Fisheries	50,000	50,000	50,000	-
Extreme recruiter grant	-	160,000	22,426	(137,574)
Total categorical aid	$ 50,016	$ 529,254	$ 272,205	$ (257,049)
Total revenue from the Commonwealth	$ 50,016	$ 529,254	$ 272,205	$ (257,049)
Revenue from the federal government:				
Categorical aid:				
Hud entitlement grants	$ 56,562	$ 208,161	$ 94,187	$ (113,974)
Edward Byrne Law Enforcement Grant	-	6,713	6,644	(69)
Asset Forfeiture - Records Preservation	2,744	2,744	2,802	58
State Homeland Security Program	-	102,000	86,218	(15,782)
State and community highway safety	7,038	18,837	7,741	(11,096)
Crime victim assistance grant	-	13,008	11,676	(1,332)
DCJS local LE block grant	-	9,500	9,500	-
Total categorical aid	$ 66,344	$ 360,963	$ 218,768	$ (142,195)
Total revenue from the federal government	$ 66,344	$ 360,963	$ 218,768	$ (142,195)
Total Grants Fund	$ 116,360	$ 890,217	$ 491,942	$ (398,275)

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Highway Maintenance Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ 65	$ 65	$ 423	$ 358
Charges for services:				
Right of way fees	$ 34,000	$ 34,000	$ 53,984	$ 19,984
Total revenue from local sources	$ 34,065	$ 34,065	$ 54,407	$ 20,342
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Highway maintenance funds	$ 2,194,088	$ 2,561,988	$ 2,222,546	$ (339,442)
VDOT grant	-	-	340,244	340,244
Total categorical aid	$ 2,194,088	$ 2,561,988	$ 2,562,790	$ 802
Total revenue from the Commonwealth	$ 2,194,088	$ 2,561,988	$ 2,562,790	$ 802
Total Highway Maintenance Fund	$ 2,228,153	$ 2,596,053	$ 2,617,197	$ 21,144
Total Primary Government	$ 27,499,716	$ 28,925,887	$ 25,841,542	$ (3,084,345)

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
City Council	$ 50,809	$ 47,632	$ 47,632	$ -
General and financial administration:				
City Clerk	$ 19,545	$ 19,023	$ 19,023	$ -
City Manager	317,729	315,358	315,358	-
Commissioner of revenue	228,233	231,656	231,656	-
Assessor	49,547	46,596	46,596	-
Billing and service	345,005	371,314	371,314	-
Treasurer	427,597	441,525	441,525	-
Legal services	115,000	203,276	203,276	-
Human resources	107,768	106,932	106,932	-
Independent auditor	41,000	45,117	45,117	-
Information technology	478,963	473,412	471,416	1,996
Finance	337,598	324,716	324,716	-
Total general and financial administration	$ 2,467,985	$ 2,578,925	$ 2,576,929	$ 1,996
Board of elections:				
Electoral board and officials	$ 23,341	$ 24,178	$ 24,178	$ -
Registrar	97,506	137,445	137,445	-
Total board of elections	$ 120,847	$ 161,623	$ 161,623	$ -
Total general government administration	$ 2,639,641	$ 2,788,180	$ 2,786,184	$ 1,996
Judicial administration:				
Courts:				
Circuit court	$ 77,928	$ 67,729	$ 67,729	$ -
General district court	23,220	19,008	19,008	-
Sheriff	531,298	522,893	522,893	-
Law library	3,000	842	842	-
Clerk of the circuit court	301,763	317,555	317,435	120
Total courts	$ 937,209	$ 928,027	$ 927,907	$ 120
Commonwealth's attorney:				
Commonwealth's attorney	$ 342,014	$ 345,538	$ 345,538	$ -
Total judicial administration	$ 1,279,223	$ 1,273,565	$ 1,273,445	$ 120
Public safety:				
Law enforcement and traffic control:				
Police department	$ 3,357,285	$ 3,429,462	$ 3,428,383	$ 1,079
Fire and rescue services:				
Fire department	$ 873,479	$ 955,812	$ 955,812	$ -
Ambulance and rescue services	794,024	1,148,780	1,148,780	-
Regional Hazmat Response	29,778	58,275	58,282	(7)
Total fire and rescue services	$ 1,697,281	$ 2,162,867	$ 2,162,874	$ (7)

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Regional jail	$ 760,000	$ 899,996	$ 899,996	$ -
Juvenile corrections	111,757	87,797	87,797	-
Total correction and detention	$ 871,757	$ 987,793	$ 987,793	$ -
Inspections:				
Building inspector	$ 109,354	$ 108,217	$ 108,217	$ -
Code enforcement	73,571	85,255	85,255	-
Total inspections	$ 182,925	$ 193,472	$ 193,472	$ -
Other protection:				
Animal control	$ 127,440	$ 129,443	$ 129,443	$ -
Medical examiner	60	60	60	-
E-911 system	574,356	561,535	561,535	-
GIS mapping	103,159	109,429	109,429	-
Total other protection	$ 805,015	$ 800,467	$ 800,467	$ -
Total public safety	$ 6,914,263	$ 7,574,061	$ 7,572,989	$ 1,072
Public works:				
Engineering:				
General Engineering	$ 212,018	$ 200,667	$ 200,667	$ -
Maintenance of general buildings and grounds:				
General properties	$ 766,880	$ 802,053	$ 789,053	$ 13,000
Total public works	$ 978,898	$ 1,002,720	$ 989,720	$ 13,000
Health and welfare:				
Health:				
Supplement of local health department	$ 90,686	$ 92,287	$ 92,287	$ -
Mental health and mental retardation:				
Mental health services	$ 39,658	$ 39,658	$ 39,658	$ -
Health agencies	5,853	5,853	5,853	-
Total mental health and mental retardation	$ 45,511	$ 45,511	$ 45,511	$ -
Welfare:				
Welfare administration and programs	$ 1,383,563	$ 1,601,095	$ 1,600,822	$ 273
Comprehensive services act	1,337,287	1,337,470	1,337,470	-
Property tax relief for the elderly	45,000	57,933	57,933	-
Social service agencies	342,261	399,099	397,664	1,435
Total welfare	$ 3,108,111	$ 3,395,597	$ 3,393,889	$ 1,708
Total health and welfare	$ 3,244,308	$ 3,533,395	$ 3,531,687	$ 1,708

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to community colleges	$ 6,864	$ 6,864	$ 6,864	$ -
Contribution to City School Board	5,639,528	5,472,837	5,059,972	412,865
Total education	$ 5,646,392	$ 5,479,701	$ 5,066,836	$ 412,865
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	$ 598,921	$ 582,779	$ 581,724	$ 1,055
Maintenance of parks	222,070	260,870	255,311	5,559
Recreation center and playgrounds	471,364	502,641	502,641	-
Total parks and recreation	$ 1,292,355	$ 1,346,290	$ 1,339,676	$ 6,614
Cultural enrichment:				
Glencoe museum	$ 23,873	$ 64,881	$ 64,881	$ -
Library:				
Library expenses	$ 792,891	$ 789,959	$ 789,959	$ -
Total parks, recreation, and cultural	$ 2,109,119	$ 2,201,130	$ 2,194,516	$ 6,614
Community development:				
Planning and community development:				
Planning	$ 94,333	$ 95,384	$ 95,384	$ -
Community development	96,943	97,919	97,919	-
Zoning board	600	600	600	-
Tourism	96,773	97,827	97,080	747
Economic development	88,379	91,356	91,356	-
VHDA program	66,850	67,252	67,252	-
Total planning and community development	$ 443,878	$ 450,338	$ 449,591	$ 747
Total community development	$ 443,878	$ 450,338	$ 449,591	$ 747
Debt service:				
Principal retirement	$ 943,535	$ 970,580	$ 970,579	$ 1
Interest and other fiscal charges	895,988	895,988	895,988	-
Total debt service	$ 1,839,523	$ 1,866,568	$ 1,866,567	$ 1
Total General Fund	$ 25,095,245	$ 26,169,658	$ 25,731,535	$ 438,123
Special Revenue Funds:				
Transit Fund:				
Community Development:				
Planning and community development:				
City transit service	$ 4,281,893	$ 4,308,009	$ 1,765,329	$ 2,542,680
Total Transit Fund	$ 4,281,893	$ 4,308,009	$ 1,765,329	$ 2,542,680

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Grants Fund:				
Public safety:				
Law enforcement and traffic control:				
Victim witness assistance	$ -	$ 102,710	$ 101,998	$ 712
Impaired driver and speed enforcement	10,557	28,257	11,611	16,646
Police department	19,130	26,589	12,562	14,027
Communications	-	-	-	-
Sheriff	-	226,108	106,657	119,451
DCJS training and equipment grant	-	10,000	10,000	-
Total law enforcement and traffic control	$ 29,687	$ 393,664	$ 242,828	$ 150,836
Fire and rescue services:				
Fire department	$ -	$ 102,000	$ 86,218	$ 15,782
Total public safety	$ 29,687	$ 495,664	$ 329,046	$ 166,618
Public Works:				
Maintenance of general buildings and grounds:				
Litter control	$ 16	$ 6,426	$ 5,480	$ 946
Total public works	$ 16	$ 6,426	$ 5,480	$ 946
Health and welfare:				
Welfare:				
Neighbor to neighbor program	$ 4,017	$ 4,017	$ -	$ 4,017
Extreme recuiter program	-	160,000	22,427	137,573
Total welfare	$ 4,017	$ 164,017	$ 22,427	$ 141,590
Total health and welfare	$ 4,017	$ 164,017	$ 22,427	$ 141,590
Parks, recreation and cultural:				
Parks and recreation:				
Supervision parks and recreation	$ 30,198	$ 98,129	$ 100,330	$ (2,201)
Community development:				
Planning and community development:				
Economic development	$ 3,740	$ 3,740	$ 3,740	$ -
HUD grant expenditures	56,562	175,044	61,070	113,974
Total planning and community development	$ 60,302	$ 178,784	$ 64,810	$ 113,974
Total community development	$ 60,302	$ 178,784	$ 64,810	$ 113,974
Debt service:				
Principal retirement	$ -	$ 26,000	$ 26,000	$ -
Interest and other fiscal charges	-	7,117	7,117	-
Total debt service	$ -	$ 33,117	$ 33,117	$ -
Total Grants Fund	$ 124,220	$ 976,137	$ 555,210	$ 420,927

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Highway Maintenance Fund:				
Public works:				
Maintenance of streets, highways and bridges:				
General administration	$ 185,791	$ 174,731	$ 174,731	$ -
Highway maintenance and repairs - state	1,772,212	2,176,634	2,134,935	41,699
Highway maintenance and repairs - local	19,500	47,374	46,112	1,262
Street lights	71,500	71,500	71,234	266
Snow and ice removal	30,172	63,910	63,910	-
Storm drainage	8,500	6,180	6,180	-
Total maintenance of streets, highways, and bridges	$ 2,087,675	$ 2,540,329	$ 2,497,102	$ 43,227
Total Highway Maintenance Fund	$ 2,087,675	$ 2,540,329	$ 2,497,102	$ 43,227
Capital Projects Fund:				
City Capital Projects Fund:				
Capital Projects:				
Accounting system	$ 11,825	$ 11,825	$ 6,000	$ 5,825
Second Avenue Improvements	203,586	203,586	35,515	168,071
Park Road/Tyler Avenue	6,896	6,896	-	6,896
Storm drainage projects	16,464	31,464	15,362	16,102
Total capital projects	$ 238,771	$ 253,771	$ 56,877	$ 196,894
Total Capital Projects Fund	$ 238,771	$ 253,771	$ 56,877	$ 196,894
Total Primary Government	$ 31,827,804	$ 34,247,904	$ 30,606,053	$ 3,641,851

Statistical Information

CITY OF RADFORD, VIRGINIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net Invesment in capital assets	$ 42,433,941	$ 41,450,815	$ 41,059,783	$ 41,472,798	$ 40,402,563	$ 39,986,063	$ 36,147,315	$ 39,559,342	$ 40,392,127	$ 40,811,990
Restricted	1,009,830	1,062,107	3,661,446	509,733	615,847	644,276	2,812,037	968,879	1,030,306	1,245,006
Unrestricted	7,065,810	7,815,581	7,150,443	6,210,599	6,364,767	6,461,353	6,752,167	7,710,856	(484,342)	(1,298,848)
Total governmental activities net position	$ 50,509,581	$ 50,328,503	$ 51,871,672	$ 48,193,130	$ 47,383,177	$ 47,091,692	$ 45,711,519	$ 48,239,077	$ 40,938,091	$ 40,758,148
Business-type activities										
Net Invesment in capital assets	$ 16,843,671	$ 16,103,927	$ 15,087,089	$ 15,534,890	$ 15,089,859	$ 14,568,531	$ 15,761,624	$ 15,582,914	$ 14,936,407	$ 14,443,893
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	11,584,577	10,019,591	8,487,728	7,354,066	8,013,733	8,866,605	11,463,147	11,817,746	8,519,945	8,519,237
Total business-type activities net position	$ 28,428,248	$ 26,123,518	$ 23,574,817	$ 22,888,956	$ 23,103,592	$ 23,435,136	$ 27,224,771	$ 27,400,660	$ 23,456,352	$ 22,963,130
Primary government										
Net Invesment in capital assets	$ 59,277,612	$ 57,554,742	$ 56,146,872	$ 57,007,688	$ 55,492,422	$ 54,554,594	$ 51,908,939	$ 55,142,256	$ 55,328,534	$ 55,255,883
Restricted	1,009,830	1,062,107	3,661,446	509,733	615,847	644,276	2,812,037	968,879	1,030,306	1,245,006
Unrestricted	18,650,387	17,835,172	15,638,171	13,564,665	14,378,500	15,327,958	18,215,314	19,528,602	8,035,603	7,220,389
Total primary government net position	$ 78,937,829	$ 76,452,021	$ 75,446,489	$ 71,082,086	$ 70,486,769	$ 70,526,828	$ 72,936,290	$ 75,639,737	$ 64,394,443	$ 63,721,278

Provisions of Statement No. 68 from the Governmental Accounting Standards Board (GASB) were implemented during the 2015 fiscal year. Financial information prior to the fiscal year ending June 30, 2015 has no been retroactively restated for provisions of this standard.

CITY OF RADFORD, VIRGINIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government administration	$ 2,360,446	$ 2,318,049	$ 2,378,072	$ 2,288,017	$ 2,114,955	$ 2,257,781	$ 2,478,062	$ 2,583,106	$ 2,616,659	$ 2,763,220
Judicial administration	644,504	633,173	1,183,737	1,155,145	1,108,911	1,112,641	1,182,752	1,228,811	1,207,189	1,256,369
Public safety	5,991,991	6,173,244	5,930,185	6,387,807	6,244,619	6,338,892	6,807,173	6,991,450	7,421,559	7,896,020
Public works	4,084,908	4,137,294	4,055,643	3,319,506	3,316,104	3,583,272	3,509,880	4,052,721	3,880,301	4,264,317
Health and welfare	1,970,492	1,944,040	2,025,890	2,291,061	2,269,438	2,501,597	2,662,252	2,965,695	2,883,992	3,498,727
Education	5,202,606	4,545,629	5,226,904	8,334,559	4,812,897	5,357,984	5,753,106	5,049,358	5,278,443	5,345,190
Parks, recreation and cultural	1,994,060	2,065,662	2,155,156	2,163,466	2,012,187	2,170,790	2,331,432	2,284,314	2,284,564	2,411,929
Community development	409,533	633,057	691,360	669,451	1,606,945	1,739,173	1,964,126	2,312,280	2,402,473	2,329,254
Nondepartmental	-	-	-	-	-	-	33,375	3,192	-	-
Interest on long-term debt	147,438	329,475	274,934	771,041	883,852	955,544	1,082,407	969,417	1,020,398	823,968
Total governmental activities expenses	$ 22,805,978	$ 22,779,623	$ 23,921,881	$ 27,380,053	$ 24,369,908	$ 26,017,674	$ 27,804,565	$ 28,440,344	$ 28,995,578	$ 30,588,994
Business-type activities:										
Water, sewer and electric	$ 22,812,759	$ 25,218,048	$ 23,105,211	$ 22,800,818	$ 24,881,044	$ 27,590,819	$ 29,035,126	$ 26,512,718	$ 24,345,015	$ 22,941,584
Total primary government expenses	$ 45,618,737	$ 47,997,671	$ 47,027,092	$ 50,180,871	$ 49,250,952	$ 53,608,493	$ 56,839,691	$ 54,953,062	$ 53,340,593	$ 53,530,578
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 58,932	$ 48,451	$ 22,399	$ 18,747	$ 21,622	$ 25,925	$ 34,279	$ 55,692	$ 57,003	$ 61,550
Judicial administration	260,657	285,218	344,345	250,380	276,672	341,451	361,125	305,379	309,664	313,159
Public safety	100,777	192,931	81,143	518,563	465,363	547,947	661,947	611,211	519,489	555,428
Public works	39,898	81,847	53,824	91,946	39,030	175,440	41,201	41,245	15,915	58,691
Parks, recreation and cultural	121,197	96,481	132,350	121,802	109,586	122,932	126,685	115,294	99,722	129,520
Community development	7,029	-	-	-	-	-	-	-	-	-
Operating grants and contributions	5,223,351	5,427,508	5,610,577	5,964,394	6,333,219	6,999,638	7,429,807	9,748,231	7,302,726	8,541,086
Capital grants and contributions	-	-	1,573,485	-	-	-	-	-	1,077,537	1,075,000
Total governmental activities program revenues	$ 5,811,841	$ 6,132,436	$ 7,818,123	$ 6,965,832	$ 7,245,492	$ 8,213,333	$ 8,655,044	$ 10,877,052	$ 9,382,056	$ 10,734,434
Business-type activities:										
Charges for services:										
Water, sewer and electric	$ 24,560,742	$ 25,415,487	$ 23,975,402	$ 24,164,804	$ 26,369,886	$ 30,132,722	$ 34,866,609	$ 30,513,949	$ 26,205,461	$ 26,110,291
Capital grants and contributions	24,000	-	-	302,236	548,025	51,285	165,859	-	-	-
Total business-type activities program revenues	$ 24,584,742	$ 25,415,487	$ 23,975,402	$ 24,467,040	$ 26,917,911	$ 30,184,007	$ 35,032,468	$ 30,513,949	$ 26,205,461	$ 26,110,291
Total primary government program revenues	$ 30,396,583	$ 31,547,923	$ 31,793,525	$ 31,432,872	$ 34,163,403	$ 38,397,340	$ 43,687,512	$ 41,391,001	$ 35,587,517	$ 36,844,725
Net (expense) / revenue										
Governmental activities	$ (16,994,137)	$ (16,647,187)	$ (16,103,758)	$ (20,414,221)	$ (17,124,416)	$ (17,804,341)	$ (19,149,521)	$ (17,563,292)	$ (19,613,522)	$ (19,854,560)
Business-type activities	1,771,983	197,439	870,191	1,666,222	2,036,867	2,593,188	5,997,342	4,001,231	1,860,446	3,168,707
Total primary government net (expense)/revenue	$ (15,222,154)	$ (16,449,748)	$ (15,233,567)	$ (18,747,999)	$ (15,087,549)	$ (15,211,153)	$ (13,152,179)	$ (13,562,061)	$ (17,753,076)	$ (16,685,853)

CITY OF RADFORD, VIRGINIA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 6,314,847	$ 6,449,758	$ 7,062,754	$ 7,234,689	$ 7,329,530	$ 7,317,561	$ 7,351,581	$ 7,703,878	$ 7,775,293	$ 7,596,817
Local sales and use taxes	975,485	556,671	868,943	831,986	873,384	900,741	974,844	963,013	885,262	992,383
Restaurant food taxes	817,395	875,065	884,160	891,213	952,416	988,171	1,024,005	1,086,580	1,121,722	1,123,853
Motor vehicle taxes	175,935	9,165	178,489	185,808	196,726	197,397	198,060	193,711	197,566	199,940
Consumers' utility taxes	774,046	577,377	553,552	556,629	560,347	533,966	575,931	597,428	532,065	514,537
Communications taxes	-	856,242	777,974	-	-	-	-	-	-	-
Business license taxes	381,208	403,624	423,557	398,683	414,298	458,918	492,114	465,200	484,247	486,544
Other local taxes	1,094,144	528,469	548,750	473,263	538,664	533,836	575,986	565,146	603,799	583,798
Payments in lieu of taxes	1,849,123	1,785,303	1,843,822	1,765,114	1,688,205	2,005,015	-	-	-	-
Unrestricted grants and contributions	734,481	679,593	685,764	1,465,078	1,500,937	1,459,745	1,493,502	1,478,789	1,496,527	1,448,580
Unrestricted revenues from use of money and property	525,636	682,758	460,751	143,927	150,447	153,680	162,021	167,998	159,012	159,060
Miscellaneous	253,721	299,910	411,416	304,016	284,625	700,640	2,694,064	3,040,335	2,537,866	2,918,986
Gain (Loss) on disposal of capital assets	-	(17,429)	7,660	127,883	2,050	-	(3,729)	-	-	-
Transfers	2,113,763	2,779,603	2,939,335	2,357,390	1,822,834	2,263,187	2,230,969	3,828,572	3,545,447	3,670,732
Total governmental activities	$ 16,009,784	$ 16,466,109	$ 17,646,927	$ 16,735,679	$ 16,314,463	$ 17,512,857	$ 17,769,348	$ 20,090,650	$ 19,338,806	$ 19,695,230
Business-type activities:										
Unrestricted revenues from use of money and property	$ 564,691	$ 277,434	$ 75,504	$ 5,307	$ 603	$ 1,543	$ 13,218	$ 3,230	$ 3,094	$ 8,803
Special items	-	-	(555,061)	-	-	-	-	-	-	-
Gain (Loss) on disposal of capital assets	-	-	-	-	-	-	30,296	-	-	-
Transfers	(2,113,763)	(2,779,603)	(2,939,335)	(2,357,390)	(1,822,834)	(2,263,187)	(2,230,969)	(3,828,572)	(3,545,447)	(3,670,732)
Total business-type activities	$ (1,549,072)	$ (2,502,169)	$ (3,418,892)	$ (2,352,083)	$ (1,822,231)	$ (2,261,644)	$ (2,187,455)	$ (3,825,342)	$ (3,542,353)	$ (3,661,929)
Total primary government	$ 14,460,712	$ 13,963,940	$ 14,228,035	$ 14,383,596	$ 14,492,232	$ 15,251,213	$ 15,581,893	$ 16,265,308	$ 15,796,453	$ 16,033,301
Change in Net Position										
Governmental activities	$ (984,353)	$ (181,078)	$ 1,543,169	$ (3,678,542)	$ (809,953)	$ (291,484)	$ (1,380,173)	$ 2,527,358	$ (274,716)	$ (159,330)
Business-type activities	222,911	(2,304,730)	(2,548,701)	(685,861)	214,636	331,544	3,809,887	175,889	(1,681,907)	(493,222)
Total primary government	$ (761,442)	$ (2,485,808)	$ (1,005,532)	$ (4,364,403)	$ (595,317)	$ 40,060	$ 2,429,714	$ 2,703,247	$ (1,956,623)	$ (652,552)

Provisions of Statement No. 68 from the Governmental Accounting Standards Board (GASB) were implemented during the 2015 fiscal year. Financial information prior to the fiscal year ending June 30, 2015 has not been retroactively restated for provisions of this standard.

CITY OF RADFORD, VIRGINIA
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Restaurant Food Tax	Business License Tax	Other Local Taxes	Total
2016	$ 7,596,817	$ 992,383	$ 514,537	$ 199,940	$ 1,123,853	$ 486,544	$ 583,798	$ 11,497,872
2015	7,775,293	885,262	532,065	197,566	1,121,722	484,247	603,799	11,599,954
2014	7,703,878	963,013	597,428	193,711	1,086,580	465,200	565,146	11,574,956
2013	7,351,581	974,844	575,931	198,060	1,024,005	492,114	575,986	11,192,521
2012	7,317,561	900,741	533,966	197,397	988,171	458,918	533,836	10,930,590
2011	7,329,530	873,384	560,347	196,726	952,416	414,298	538,664	10,865,365
2010	7,234,689	831,986	556,629	185,808	891,213	398,683	473,263	10,572,271
2009	7,062,754	868,943	553,552	178,489	884,160	423,557	548,750	10,520,205
2008	6,412,871	556,671	577,377	9,165	875,065	403,624	528,469	9,363,242
2007	6,314,847	975,485	774,046	175,935	817,395	381,208	1,094,144	10,533,060

Effective 7/1/2009 - the Commonwealth of Virginia began classifying telecommunication taxes as state aid instead of local tax revenue. As a result, the amounts above have been adjusted to remove telecommunication taxes for fiscal years 2008-2010. Statewide telecommunication taxes were instituted during the 2008 fiscal year and replaced taxes that were originally assessed at the local level.

CITY OF RADFORD, VIRGINIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2014	2016
General fund										
Nonspendable	$ -	$ -	$ -	$ -	$ 201,236	$ 136,611	$ 117,376	$ 151,146	$ 162,232	$ 231,701
Restricted/Reserved	951,942	942,554	315,938	474,302	580,416	608,845	671,636	806,318	818,876	1,039,845
Committed	-	-	-	-	2,201,052	2,296,667	2,256,764	2,880,670	3,201,226	3,449,211
Unassigned/Unreserved	5,044,842	5,871,156	5,548,378	5,008,887	2,512,517	2,635,777	3,326,403	3,180,070	2,326,702	942,659
Total general fund	$ 5,996,784	$ 6,813,710	$ 5,864,316	$ 5,483,189	$ 5,495,221	$ 5,677,900	$ 6,372,179	$ 7,018,204	$ 6,509,036	$ 5,663,416
All other governmental funds										
Nonspendable	$ -	$ -	$ -	$ -	$ 16,725	$ 12,437	$ 12,764	$ 11,859	$ 36,404	$ 18,753
Restricted/Reserved	57,888	14,832,676	3,345,508	35,431	35,431	35,431	2,140,401	162,561	211,430	205,161
Committed	-	-	-	-	1,281,492	1,330,219	1,220,265	1,547,085	574,067	306,879
Unreserved/Unassigned:										
Special revenue funds	712,425	161,187	380,649	405,161	-	(8,914)	(11,111)	-	(112,900)	(7,214)
Capital projects funds	1,321,000	995,198	1,462,206	930,892	-	-	-	-	-	-
Total all other governmental funds	$ 2,091,313	$ 15,989,061	$ 5,188,363	$ 1,371,484	$ 1,333,648	$ 1,369,173	$ 3,362,319	$ 1,721,505	$ 709,001	$ 523,579

Effective July 1, 2010, the City adopted provisions of the Governmental Accounting Standards Board Statement Number 54. As such, components of fund balance beginning with the year ending June 30, 2011 follow requirements of that standard.

CITY OF RADFORD, VIRGINIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Revenues										
General property taxes	$ 6,348,319	$ 6,412,871	$ 7,012,100	$ 7,141,132	$ 7,017,704	$ 7,426,519	$ 7,534,523	$ 7,601,010	$ 7,748,164	$ 7,745,589
Other local taxes	4,218,213	3,806,613	4,235,425	3,337,582	3,535,835	3,613,029	3,840,940	3,871,078	3,824,661	3,901,055
Permits, privilege fees and regulatory licenses	52,901	36,706	20,985	37,917	35,757	41,599	40,213	55,541	45,775	43,518
Fines and forfeitures	255,274	279,394	261,418	195,704	224,244	274,544	302,330	250,698	265,823	266,488
Revenue from use of money and property	525,636	682,758	460,751	143,927	150,447	153,680	162,021	167,998	159,012	159,060
Charges for services	280,315	388,828	351,658	767,817	652,272	853,944	884,639	803,660	699,787	809,200
Miscellaneous	2,102,844	2,128,360	2,255,238	2,069,130	1,972,830	2,705,655	2,694,064	3,040,335	2,537,866	2,918,986
Recovered costs	35,406	57,465	100,376	55,660	59,580	2,820	10,364	6,923	66,411	7,980
Intergovernmental:										
Commonwealth	5,060,611	5,164,626	6,845,977	6,209,947	6,338,627	6,875,404	7,038,981	9,028,529	7,684,401	8,034,421
Federal	897,221	942,475	1,023,849	1,219,525	1,495,529	1,583,979	1,884,328	2,198,491	2,192,389	1,955,245
Total revenues	$ 19,776,740	$ 19,900,096	$ 22,567,777	$ 21,178,341	$ 21,482,825	$ 23,531,173	$ 24,392,403	$ 27,024,263	$ 25,224,289	$ 25,841,542
Expenditures										
General government administration	$ 2,093,512	$ 2,203,116	$ 2,289,018	$ 2,141,757	$ 2,006,186	$ 2,084,305	$ 2,290,530	$ 2,319,337	$ 2,636,539	$ 2,786,184
Judicial administration	713,455	661,831	1,178,428	1,125,737	1,082,538	1,093,311	1,169,552	1,240,070	1,222,250	1,273,445
Public safety	6,010,285	6,021,053	6,767,752	6,314,326	6,699,588	6,155,409	6,406,542	6,893,183	7,306,552	7,902,035
Public works	2,852,697	2,834,267	2,900,711	2,672,561	2,667,712	2,994,073	2,741,126	3,469,368	3,375,454	3,492,302
Health and welfare	1,976,883	1,939,683	2,038,092	2,278,482	2,253,374	2,491,473	2,656,373	2,958,128	2,921,634	3,555,823
Education	5,185,634	7,038,821	16,192,846	8,518,439	4,498,458	5,042,614	5,273,296	4,771,004	5,000,089	5,066,836
Parks, recreation and cultural	1,739,036	1,775,060	1,856,042	1,857,756	1,778,938	1,873,625	2,148,733	2,018,761	2,064,117	2,294,846
Community development	404,312	635,677	691,469	670,136	1,077,646	2,161,574	2,345,628	2,780,124	2,020,126	2,279,730
Non-departmental	-	-	-	-	-	-	33,375	3,192	-	-
Capital projects	863,249	722,764	1,279,040	1,727,243	4,784,258	479,229	1,089,854	3,279,737	1,768,169	56,877
Debt service:										
Principal retirement	339,002	349,521	7,902,282	819,987	856,066	952,518	1,067,312	1,114,224	1,065,692	996,579
Bond issuance cost	-	11,780	-	-	-	-	76,395	-	112,770	-
Interest and other fiscal charges	140,509	129,629	126,456	817,932	872,830	1,003,562	1,011,034	1,007,774	960,764	903,105
Total expenditures	$ 22,318,574	$ 24,323,202	$ 43,222,136	$ 28,944,356	$ 28,577,594	$ 26,331,693	$ 28,309,750	$ 31,854,902	$ 30,454,156	$ 30,607,762
Excess (deficiency) of revenues over (under) expenditures	$ (2,541,834)	$ (4,423,106)	$ (20,654,359)	$ (7,766,015)	$ (7,094,769)	$ (2,800,520)	$ (3,917,347)	$ (4,830,639)	$ (5,229,867)	$ (4,766,220)
Other financing sources (uses)										
Transfers in	$ 3,404,099	$ 3,674,085	$ 3,951,150	$ 2,860,859	$ 1,830,949	$ 2,836,723	$ 4,316,475	$ 4,652,904	$ 4,162,219	$ 4,419,252
Transfers out	(1,290,336)	(894,482)	(1,012,193)	(503,469)	(8,115)	(573,536)	(2,101,983)	(817,254)	(601,772)	(748,520)
Issuance of general obligation bonds	-	15,910,378	5,926,515	1,082,736	5,244,081	598,183	4,455,549	-	-	-
Debt service - current refunding - principal	-	-	-	-	-	-	(66,769)	-	(6,266,952)	-
Refunded bonds issued	-	-	-	-	-	-	-	-	5,875,000	-
Premium on refunding bonds issued	-	-	-	-	-	-	-	-	519,645	-
Capital leases	-	447,800	13,838	-	-	157,354	-	-	-	-
Sale of capital assets	-	-	24,957	127,883	2,050	-	1,500	-	20,114	85,000
Total other financing sources (uses)	$ 2,113,763	$ 19,137,781	$ 8,904,267	$ 3,568,009	$ 7,068,965	$ 3,018,724	$ 6,604,772	$ 3,835,650	$ 3,708,254	$ 3,755,732
Net change in fund balances	$ (428,071)	$ 14,714,675	$ (11,750,092)	$ (4,198,006)	$ (25,804)	$ 218,204	$ 2,687,425	$ (994,989)	$ (1,521,613)	$ (1,010,488)
Debt service as a percentage of noncapital expenditures	2.23%	2.03%	19.14%	6.02%	7.27%	7.57%	7.64%	7.43%	7.06%	6.22%

CITY OF RADFORD, VIRGINIA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumers' Utility Tax	Motor Vehicle License Tax	Restaurant Food Tax	Business License Tax	Other Local Taxes	Total	Percentage Change from Prior Year
2016	$ 7,745,589	$ 992,383	$ 514,537	$ 199,940	$ 1,123,853	$ 486,544	$ 583,798	$ 11,646,644	0.64%
2015	7,748,164	885,262	532,065	197,566	1,121,722	484,247	603,799	11,572,825	0.88%
2014	7,601,010	963,013	597,428	193,711	1,086,580	465,200	565,146	11,472,088	0.85%
2013	7,534,523	974,844	575,931	198,060	1,024,005	492,114	575,986	11,375,463	3.04%
2012	7,426,519	900,741	533,966	197,397	988,171	458,918	533,836	11,039,548	4.61%
2011	7,017,704	873,384	560,347	196,726	952,416	414,298	538,664	10,553,539	0.71%
2010	7,141,132	831,986	556,629	185,808	891,213	398,683	473,263	10,478,714	0.09%
2009	7,012,100	868,943	553,552	178,489	884,160	423,557	548,750	10,469,551	11.82%
2008	6,412,871	556,671	577,377	9,165	875,065	403,624	528,469	9,363,242	-11.39%
2007	6,348,319	975,485	774,046	175,935	817,395	381,208	1,094,144	10,566,532	0.73%

Effective 7/1/2009 - the Commonwealth of Virginia began classifying telecommunication taxes as state aid instead of local tax revenue. As a result, the amounts above have been adjusted to remove telecommunication taxes for fiscal years 2008-2010. Statewide telecommunication taxes were instituted during the 2008 fiscal year and replaced taxes that were originally assessed at the local level.

CITY OF RADFORD, VIRGINIA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2016	$ 801,830,240	$ 56,690,538	$ 445,667	$ 33,252,807	$ 24,074,163	$ 916,293,415	$ 916,293,415	100.00%
2015	790,264,040	55,504,264	458,451	37,129,238	23,467,522	906,823,515	906,823,515	100.00%
2014	785,174,290	54,833,849	461,847	37,634,310	22,453,921	900,558,217	900,558,217	100.00%
2013	782,058,740	52,975,445	465,027	36,100,390	27,156,009	898,755,611	898,755,611	100.00%
2012	787,822,090	53,499,297	545,379	39,032,130	23,780,929	904,679,825	904,679,825	100.00%
2011	792,140,290	49,448,088	555,501	32,966,578	23,171,319	898,281,776	898,281,776	100.00%
2010	780,509,940	47,670,845	579,471	35,629,683	19,423,669	883,813,608	883,813,608	100.00%
2009	785,296,540	53,562,342	576,215	45,265,604	15,757,184	900,457,885	900,457,885	100.00%
2008	718,790,240	51,680,310	812,966	45,975,680	16,701,061	833,960,257	833,960,257	100.00%
2007	651,350,340	52,306,524	841,554	42,103,216	17,883,260	764,484,894	764,484,894	100.00%

Source: Commissioner of Revenue

CITY OF RADFORD, VIRGINIA
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Years	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2016	$ 0.76	$ 2.44	$ 0.76	$ 1.76
2015	0.76	2.44	0.76	1.76
2014	0.76	2.44	0.76	1.76
2013	0.76	2.44	0.76	1.76
2012	0.76	2.44	0.76	1.76
2011	0.76	2.44	0.76	1.76
2010(3)	0.73-0.76	2.44	0.73-0.76	1.76
2009(2)	0.64-0.73	2.44	0.64-0.73	1.76
2008	0.63	2.44	0.63	1.76
2007	0.73	2.44	0.73	1.76

(1) Per $100 of assessed value
(2) In Fiscal Year 2009 the tax rate increased $0.09 between billing 2nd half of 2008 and 1st half of 2009.
(3) In Fiscal Year 2010 the tax rate increased $0.03 between billing 2nd half of 2009 and 1st half of 2010.

CITY OF RADFORD, VIRGINIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2016	$ 8,257,887	$ 8,105,351	98.15%	$ -	$ 8,105,351	98.15%
2015	8,135,011	7,963,037	97.89%	77,205	8,040,242	98.84%
2014	8,122,764	7,890,379	97.14%	217,202	8,107,581	99.81%
2013	8,070,126	7,845,456	97.22%	168,126	8,013,582	99.30%
2012	7,898,118	7,658,768	96.97%	205,898	7,864,666	99.58%
2011	7,741,672	7,338,433	94.79%	359,647	7,698,080	99.44%
2010	7,769,061	7,599,999	97.82%	138,862	7,738,861	99.61%
2009	7,632,678	7,502,632	98.30%	114,195	7,616,827	99.79%
2008	7,001,383	6,825,946	97.49%	114,579	6,940,525	99.13%
2007	6,930,573	6,830,912	98.56%	61,470	6,892,382	99.45%

Source: Commissioner of Revenue, City Treasurer's office
A major industrial taxpayer was delinquent at year end 2011. Taxes due from same totaled approximately $256,000.
(1) Includes collections and assessments under the State's PPTRA program

City of Radford, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal(2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2015-16	$ 996,579	$ 903,105	1,899,684	$ 30,607,762	6.21%
2014-15	1,065,692	960,764	2,026,456	30,454,156	6.65%
2013-14	1,114,224	1,007,774	2,121,998	31,854,902	6.66%
2012-13	1,067,312	1,011,034	2,078,346	28,309,750	7.34%
2011-12	952,518	1,003,562	1,956,080	28,577,594	6.84%
2010-11	856,066	872,830	1,728,896	28,577,594	6.05%
2009-10	819,987	817,932	1,637,919	28,944,356	5.66%
2008-09	402,282	126,456	528,738	35,722,136	1.48%
2007-08	349,521	141,409	490,930	24,323,202	2.02%
2006-07	339,002	140,509	479,511	22,318,574	2.15%

(1) Includes General Fund, Capital Projects Fund, and Special Revenue funds of the primary government
(2) Includes normally scheduled debt payments and does not include payoffs financed by refunding bonds.

CITY OF RADFORD, VIRGINIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-Type Activities				
Fiscal Years	General Obligation Bonds	Capital Leases	Revenue Bonds	General Obligation Bonds	Capital Leases	Total Primary Government	Per Capita
2016	$ 20,210,733	$ 104,562	$ 815,918	$ 1,377,396	$ 325,376	$ 22,833,985	1,392
2015	21,157,498	154,376	854,355	2,001,233	-	24,167,462	1,473
2014	22,566,904	202,614	892,792	2,615,444	-	26,277,754	1,602
2013	23,582,010	301,732	931,229	3,220,221	-	28,035,192	1,709
2012	20,350,159	396,758	969,666	5,404,239	-	27,120,822	1,653
2011	20,605,434	338,364	956,818	6,018,841	-	27,919,457	1,702
2010	16,175,099	380,783	130,420	6,616,682	-	23,302,984	1,487
2009	15,871,273	421,860	138,353	7,204,505	-	23,635,991	1,508
2008	17,936,087	447,800	146,738	7,763,188	-	26,293,813	1,678
2007	2,665,608	-	155,122	8,315,458	-	11,136,188	711

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF RADFORD, VIRGINIA
Ratios of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (2)	Ratio of Net General Obligation Debt to Assessed Value (1)	Net Bonded Debt per Capita
2016	$ 21,588,129	$ -	$ 21,588,129	2.36%	1,316
2015	23,158,731	-	23,158,731	2.55%	1,411
2014	25,182,348	-	25,182,348	2.80%	1,535
2013	26,802,231	-	26,802,231	2.98%	1,633
2012	25,754,398	-	25,754,398	2.85%	1,570
2011	26,624,275	-	26,624,275	2.96%	1,623
2010	22,791,781	-	22,791,781	2.58%	1,454
2009	23,075,778	-	23,075,778	2.56%	1,473
2008	25,699,275	-	25,699,275	3.08%	1,640
2007	10,981,066	-	10,981,066	1.44%	701

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7.
(2) Includes all long-term general obligation bonded debt and Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

CITY OF RADFORD, VIRGINIA
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	$ 65,135,034	$ 71,879,024	$ 78,529,654	$ 78,050,994	$ 79,214,029	$ 78,782,209	$ 78,205,874	$ 78,517,429	$ 79,026,404	$ 80,183,024
Total net debt applicable to limit	10,981,066	25,699,275	23,075,778	22,791,781	26,624,275	25,754,398	26,802,231	25,182,348	23,158,731	21,588,129
Legal debt margin	$ 54,153,968	$ 46,179,749	$ 55,453,876	$ 55,259,213	$ 52,589,754	$ 53,027,811	$ 51,403,643	$ 53,335,081	$ 55,867,673	$ 58,594,895
Total net debt applicable to the limit as a percentage of debt limit	16.86%	35.75%	29.38%	29.20%	33.61%	32.69%	34.27%	32.07%	29.31%	26.92%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	$ 801,830,240
Total assessed value	$ 801,830,240
Debt limit (10% of total assessed value)	$ 80,183,024
Net debt applicable to limit	21,588,129
Legal debt margin	$ 58,594,895

CITY OF RADFORD, VIRGINIA
Pledged-Revenue Coverage
Last Ten Fiscal Years

	Water and Sewer Revenue Bonds					
				Debt Service (1)		
Fiscal Year	Water and Sewer Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2016	$ 5,264,994	$ 4,156,105	$ 1,108,889	$ 620,967	$ 27,747	1.71
2015	4,990,731	4,011,218	979,513	623,505	38,628	1.48
2014	4,732,813	4,104,232	628,581	592,165	45,148	0.99
2013	4,360,386	4,155,050	205,336	606,688	60,175	0.31
2012	4,130,114	3,715,796	414,318	603,468	31,954	0.65
2011	4,202,208	3,683,675	518,533	573,378	34,678	0.85
2010	4,256,817	3,753,602	503,215	547,637	36,738	0.86
2009	3,966,054	3,803,991	162,063	567,068	79,046	0.25
2008	4,536,597	3,714,652	821,945	518,342	133,995	1.26
2007	4,073,279	3,459,438	613,841	503,187	188,011	0.89

(1) Debt service in 2013 represents normal debt service payments as the City refunded bonds during the fiscal year.

COMPLIANCE SECTION

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
City Council of the
City of Radford, 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Radford, Virginia's basic financial statements, and have issued our report thereon dated November 7, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Radford, 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 City of Radford, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Radford, 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 City of Radford, 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.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 7, 2016

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
City Council of the
City of Radford, Virginia

Report on Compliance for Each Major Federal Program

We have audited the City of Radford, 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 City of Radford, Virginia's major federal programs for the year ended June 30, 2016. City of Radford, 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 City of Radford, 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 City of Radford, 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 City of Radford, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Radford, 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, 2016.

Report on Internal Control over Compliance

Management of the City of Radford, 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 City of Radford, 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 City of Radford, 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.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 7, 2016

City of Radford, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Pass Through Payments:			
State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010115/0010116/ 0040115/0040116	$ 148,543
Total Department of Agriculture			$ 148,543
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
State Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950114/0950115	$ 568
Temporary Assistance for Needy Families	93.558	0400115/0400116	122,434
Refugee and Entrant Assistance-State Administered Programs	93.566	0500115/0500116	141
Low-Income Home Energy Assistance	93.568	0600415/0600416	13,389
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115	609
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115/0760116	21,740
Chafee Education and Training Vouchers Program	93.599	9160114/9160115	3,068
Foster Care - Title IV-E	93.658	1100115/1100116	228,564
Adoption Assistance	93.659	1120115/1120116	149,234
Social Services Block Grant	93.667	1000115/1000116	83,749
Chafee Foster Care Independence Program	93.674	9150115/9150116	2,882
Children's Health Insurance Program	93.767	0540115/054116	6,194
Medical Assistance Program	93.778	1200115/1200116	188,587
Total Department of Health and Human Services			$ 821,159
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
State Department of Emergency Management:			
Homeland Security Grant Program	97.067	Unknown	$ 86,218
Total Department of Homeland Security			$ 86,218
DEPARTMENT OF JUSTICE:			
Pass Through Payments:			
State Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	Unknown	$ 11,676
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unknown	16,144
Total Department of Justice			$ 27,820
Department of the Treasury:			
Pass Through Payments:			
Office of the Virginia Attorney General Equitable Sharing Program	21.000	Unknown	$ 2,802
Total Department of the Treasury			$ 2,802

City of Radford, Virignia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Payments:			
Community Development Block Grants/Entitlement Grants	14.218	Unknown	$ 94,187
Total Department of Housing and Urban Development			$ 94,187
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
State Department of Rail and Transportation:			
Federal Transit Formula Grants	20.507	Unknown	$ 766,775
Virginia Department of Transportation:			
Alcohol Open Container Requirements	20.607	Unknown	7,741
Total Department of Transportation			$ 774,516
Total Expenditures of Federal Awards			$ 1,955,245

Notes to Schedule of Expenditures of Federal Awards

Note A-Basis of Presentation:
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Radford, Virginia under programs of the federal government for the year ended June 30, 2016. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budgets Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the City of Radford, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Radford, Virginia.

Note B-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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments,* wherein certain types of expenditures are not allowed or are limited as to reimbursement.

(2) Pass-through entity identifying number are presented where available.

Note C-Relationship to the Financial Statements:
Federal expenditures, revenues and capital contributions are reported in the City's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:	
Primary government:	
General Fund-Intergovernmental	$ 5,838,191
Less revenue from the Commonwealth	(4,868,489)
Transit Fund-Intergovernmental	1,097,712
Less revenue from the Commonwealth	(330,937)
Other Governmental Funds-Intergovernmental	3,053,763
Less revenue from the Commonwealth	(2,834,995)
Total primary government	$ 1,955,245

City of Radford, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

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:

CFDA #	Name of Federal Program or Cluster
20.507	Federal Transit Forumla Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

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 and Questioned Costs

There were no prior findings related to federal programs.