CITY OF RADFORD, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

Prepared By:
Department of Financial Services

CITY OF RADFORD, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013

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INTRODUCTORY SECTION

January 13, 2014

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, 2013 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, 2013 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 the US Office of Management and Budget's Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations). 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 Industrial 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 Industrial 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 16,714.

The City of Radford provides a full 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, wastewater, 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 over 1,500 employees and 9,900 students. As the City's largest employer, Radford University has a significant positive influence on our community. Although nontaxable, the University generates an estimated $250 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 influence 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. Through the years this has enabled the City to attract such industries and research companies as Danaher, APW, and LabTech. The City's unemployment rate is currently 7.2% with a workforce of 9,123.

Radford, like many communities throughout the United States, continues to feel the affects of a sluggish economy. National and state trends illustrate 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, sanitary sewer and electric utilities, as well as roads and sidewalks) to keep the City strong, services reliable, 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.

Radford's vital signs are improving. In the last twelve months, we have seen an increase in new housing starts and remodeling, business district revitalization, industrial investment, and expansion of job opportunities. Sales, meals, lodging, and utility sales revenues are all seeing moderate increases. All of these activities will result in an improved revenue forecast and a healthy Radford.

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 appropriated funds. The budget must be adopted and funds appropriate 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 2012-2013 fiscal year totaled $1,195,957. As of the plan's most recent actuarial valuation on June 30, 2012, the City's pension obligation was not fully funded. Please see Note 7 and Exhibit 12 for additional information on the City's retirement plan.

Capital Financing and Debt Service

At June 30, 2013 the City's legal debt limit is $78,205,874. Net direct tax supported debt totaled $26,802,231. 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, 2013 totaled $28,555,199 of which $4,151,450 for Enterprise Fund activity is considered self-supporting as revenues for services are anticipated to cover operating and debt service needs. See Note 6 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 in held in money market funds with SunTrust Securities Corporation. Bank interest earned during 2012-2013 totaled $16,708.

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
Tim Cox
Robert Nicholson
Keith Marshall

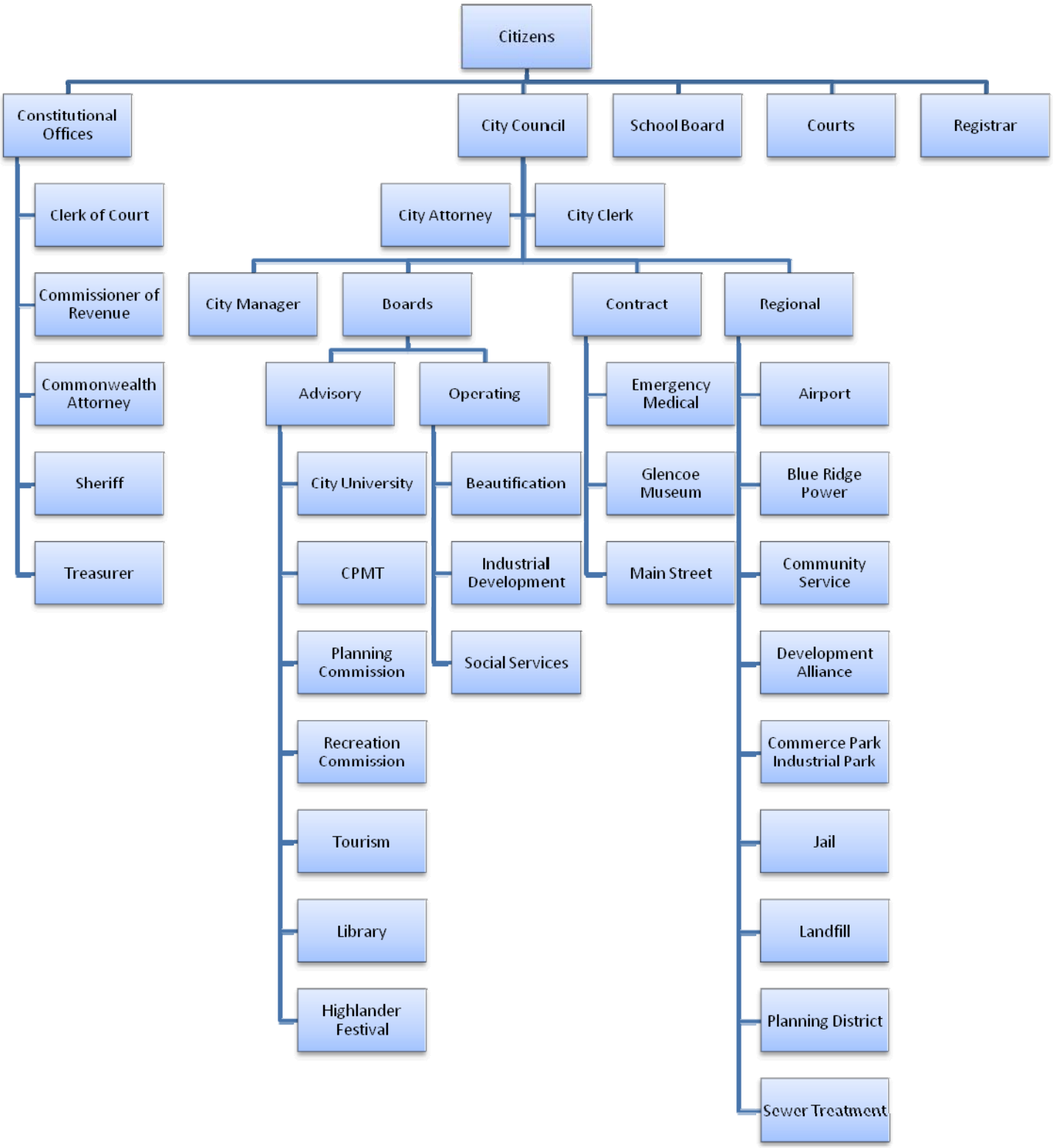
CITY SCHOOL BOARD

Stephen Cox, Chair

Karen Gerlach, Vice-Chair
Kenny Alderman
Lynn Burris
William Flora

OTHER OFFICIALS

City Manager ..... David C. Ridpath
City Clerk ..... Melissa Skelton
Superintendent of Schools ..... Becky H. Greer
Finance Director ..... Trish Cox, CPA


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

FINANCIAL SECTION

Independent Auditors' Report

To the Honorable Members of
the 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, 2013, 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, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and 65, *Items Previously Reported as Assets and Liabilities*. 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 on pages 10-21, budgetary comparison information, and schedule of pension and OPEB funding progress 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 supporting schedules, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The introductory 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 4, 2013, 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 City of Radford, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 4, 2013

CITY OF RADFORD, VIRGINIA

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2013

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, 2013. 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 $72,936,490 at June 30, 2013. Of this amount, $18,215,514 may be used to meet ongoing obligations to citizens and creditors, and $51,908,939 is invested in capital assets, net of related debt. Net position of $2,812,037 is restricted.

On a government-wide basis for governmental activities, the City had expenses net of program revenues of $19,149,521, which totaled $3,610,942 more than the general revenues, net of transfers, of $15,538,579.

At June 30, 2013, the City's governmental funds balance sheet reported total ending fund balance of $9,734,698. Of this amount, $3,315,492 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 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 Wastewater 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 Industrial 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 wastewater 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 other 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 fiduciary funds. 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. The City also maintains the Highlander Festival Fund and the Regional CSA Program Fund to account for funds held for other organizations.

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 over time as a useful indicator of a government's financial position. In the case of the City of Radford, assets exceeded liabilities and deferred inflows by $72,936,490 at the close of the most recent fiscal year.

By far the largest portion of the City of Radford's net assets (71%) 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, $2,812,037 represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net position, $18,215,514, 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, both for the government as a whole, as well as for its separate governmental and business-type activities.

The City's combined net position increased from $70,526,828 to $72,936,490 as a result of a decrease in net position of Governmental-type activities of $1,379,973, and an increase of Business-type activities of $3,789,635. The decrease in net position of Governmental-type activities is explained in Exhibit 6 of the audit. The increase in net position of business-type activities is attributed to surplus in all three enterprise funds. The water/sewer fund surplus was $487,587 (the beginning net position was restated due to the implementation of GASB 63 & 65), the electric fund surplus was $3,253,983, and the solid waste fund surplus was $68,317.

The following table presents a condensed summary of net position at June 30, 2013:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2013	2012	2013	2012	2013	2012	2013	2012
Current and other assets	15,170,577	9,150,773	12,533,965	11,221,246	27,704,542	20,372,019	1,020,820	1,292,097
Capital assets, net	60,551,064	61,086,400	19,913,074	20,942,436	80,464,138	82,028,836	6,707,828	6,525,728
Total assets	75,721,641	70,237,173	32,447,039	32,163,682	108,168,680	102,400,855	7,728,648	7,817,825
Other liabilities	1,936,981	1,420,800	821,951	2,112,404	2,758,932	3,533,204	157,787	149,123
Long-term liabilities	25,094,773	21,724,681	4,400,317	6,616,142	29,495,090	28,340,823	629,810	861,566
Total liabilities	27,031,754	23,145,481	5,222,268	8,728,546	32,254,022	31,874,027	787,597	1,010,689
Deferred inflows	2,978,168	-	-	-	2,978,168	-	-	-
Net Position:								
Invested in capital assets, net of related debt	36,147,315	39,986,063	15,761,624	14,568,531	51,908,939	54,554,594	6,707,828	6,525,728
Restricted	2,812,037	644,276	-	-	2,812,037	644,276	9,318	6,185
Unrestricted	6,752,367	6,461,353	11,463,147	8,866,605	18,215,514	15,327,958	223,905	275,223
Total net position	45,711,719	47,091,692	27,224,771	23,435,136	72,936,490	70,526,828	6,941,051	6,807,136

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Summary of Changes in Net Assets:

The following table shows the revenues and expenses of the government at June 30, 2013:

Summary of Changes in Net Position
For the Fiscal Year Ended June 30, 2013

	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenues								
Program Revenues:								
Charges for Services	1,225,237	1,213,695	34,866,609	30,132,722	36,091,846	31,346,417	225,323	231,621
Operating grants and contributions	7,429,807	6,999,638	-	-	7,429,807	6,999,638	9,970,349	9,326,169
Capital grants and contributions	-	-	165,859	51,285	165,859	51,285	-	-
General Revenues:								
Property Taxes	7,351,781	7,317,561	-	-	7,351,781	7,317,561	-	-
Local sales and use taxes	974,844	900,741	-	-	974,844	900,741	-	-
Consumers' utililty taxes	575,931	533,966	-	-	575,931	533,966	-	-
Business license taxes	492,114	458,918	-	-	492,114	458,918	-	-
Motor Vehicle Taxes	198,060	197,397	-	-	198,060	197,397	-	-
Restaurant food taxes	1,024,005	988,171	-	-	1,024,005	988,171	-	-
Other local taxes	575,986	533,836	-	-	575,986	533,836	-	-
Interest and rent income	162,021	153,680	13,218	1,543	175,239	155,223	18,936	26,038
Other income	605,955	700,640	-	-	605,955	700,640	59,544	43,465
Payments from business-type activities	2,088,109	2,005,015	-	-	2,088,109	2,005,015	-	-
Grants /contributions not restricted to specific programs	1,493,502	1,459,745	-	-	1,493,502	1,459,745	-	-
Gain/(loss) on disposal of capital assets	(3,729)	-	30,296	-	26,567	-	-	-
Payments from other governments	-	-	-	-	-	-	5,211,899	4,957,466
Total Revenues	24,193,623	23,463,003	35,075,982	30,185,550	59,269,605	53,648,553	15,486,051	14,584,759
Expenses								
General Government	2,478,062	2,257,781	-	-	2,478,062	2,257,781	-	-
Judicial administration	1,182,752	1,112,641	-	-	1,182,752	1,112,641	-	-
Public Safety	6,807,173	6,338,892	-	-	6,807,173	6,338,892	-	-
Public Works	3,509,880	3,583,272	-	-	3,509,880	3,583,272	-	-
Health and Welfare	2,662,252	2,501,597	-	-	2,662,252	2,501,597	-	-
Education	5,753,106	5,357,984	-	-	5,753,106	5,357,984	15,337,448	14,504,406
Parks, recreation, and cultural	2,331,432	2,170,790	-	-	2,331,432	2,170,790	-	-
Community Development	1,964,126	1,739,173	-	-	1,964,126	1,739,173	14,688	35,216
Interest on long-term debt	1,082,407	955,544	-	-	1,082,407	955,544	-	-
Nondepartmental	33,375	-	-	-	33,375	-	-	-
Electric Operation	-	-	22,800,427	21,952,991	22,800,427	21,952,991	-	-
Water/Wastewater Operation	-	-	5,096,068	4,578,622	5,096,068	4,578,622	-	-
Solid Waster Operation	-	-	1,138,631	1,057,000	1,138,631	1,057,000	-	-
Total Expenses	27,804,565	26,017,674	29,035,126	27,588,613	56,839,691	53,606,287	15,352,136	14,539,622
Transfers	2,230,969	2,263,187	(2,230,969)	(2,263,187)	-	-	-	-
Increase(Decrease) in Net Position	(1,379,973)	(291,484)	3,809,887	333,750	2,429,914	42,266	133,915	45,137
Net Position, Beginning	47,091,692	47,383,176	23,414,884	23,081,134	70,506,576	70,464,310	6,807,136	6,761,999
Net Position, Ending	45,711,719	47,091,692	27,224,771	23,414,884	72,936,490	70,506,576	6,941,051	6,807,136

The property tax classification, which comprises approximately 30% 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 the same since 2010 which explains the modest 0.5% growth.

Operating grants and contributions, which is state and federal aid, makes up about 31% of total revenue generated by governmental activities. This revenue source is up 6% mainly due to an increase in state categorical aid for the Comprehensive Services Act.

Local sales and use taxes are up 8.2%. This category continues to increase annually. This is a promising economic indicator for the City of Radford along with business licenses and meals tax being on the rise as well. The City reached the $1 million mark this year for the first time in meals tax. We are on target to do the same in local sales and use tax next fiscal year.

Consumer Utility taxes increased 7.9%. This revenue stream will fluctuate with utility sales which were up $4.73 million over the previous year.

Business license taxes are up 7.2%. This category has increased on average 7.3% over the past 3 years. Licenses are based on receipts, so when the receipts for businesses go up so does the revenue from business licenses.

Other local taxes are up 7.9%. This category consists of gas franchise license, bank stock taxes, recordation tax, tobacco taxes, and lodging room tax. Recordation tax increased 39% while the others showed modest growth except for tobacco taxes which decreased 7%. With a rebound in the housing market along with low mortgage interest rates, many homeowners are refinancing which directly impacts recordation taxes.

Other Income is down 13.5% due to General Fund Miscellaneous revenue being down approximately $54,000 and Transit pass-through revenue from Radford University being down $36,000 due to the purchase of the Next Bus Passenger System being a one-time expenditure in FY 2012.

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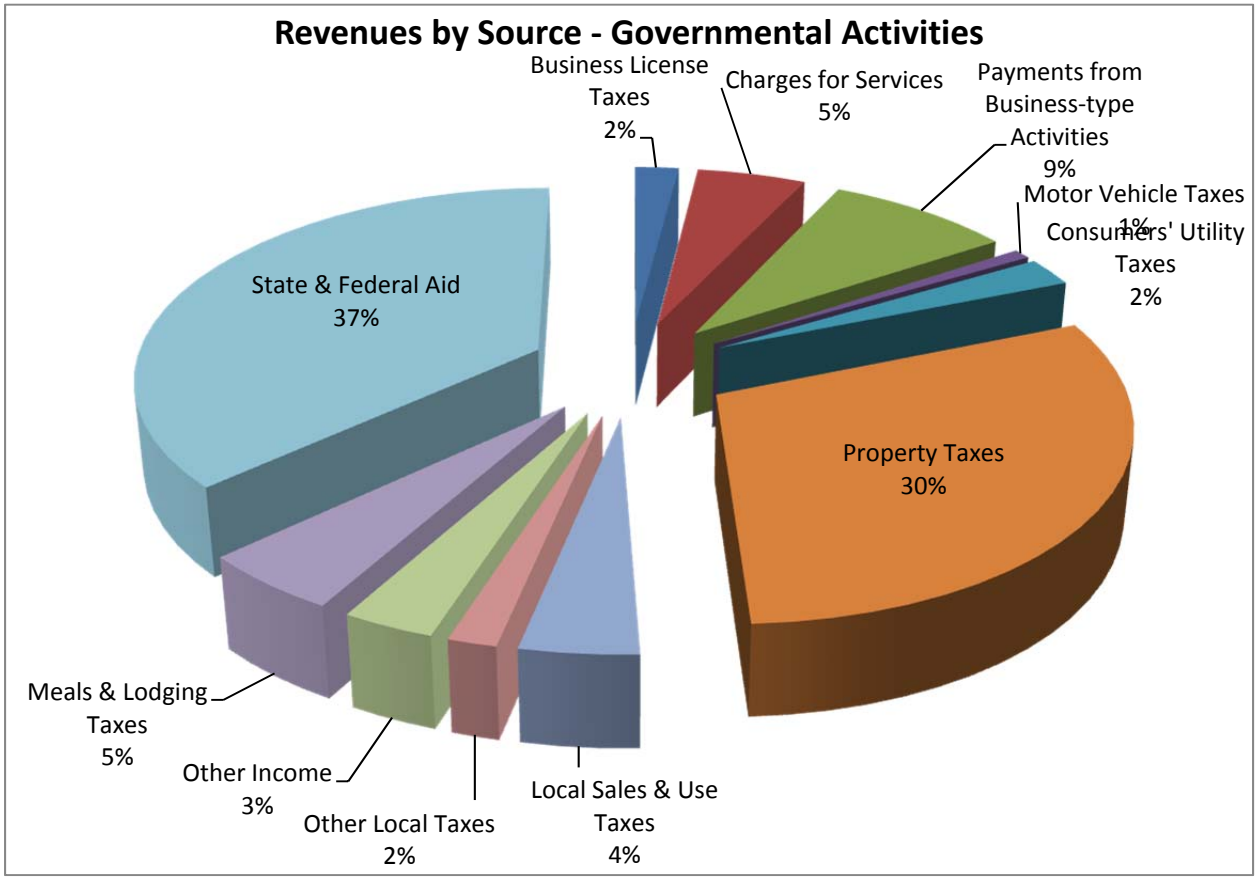
Revenue generated for governmental activities are presented below by category:



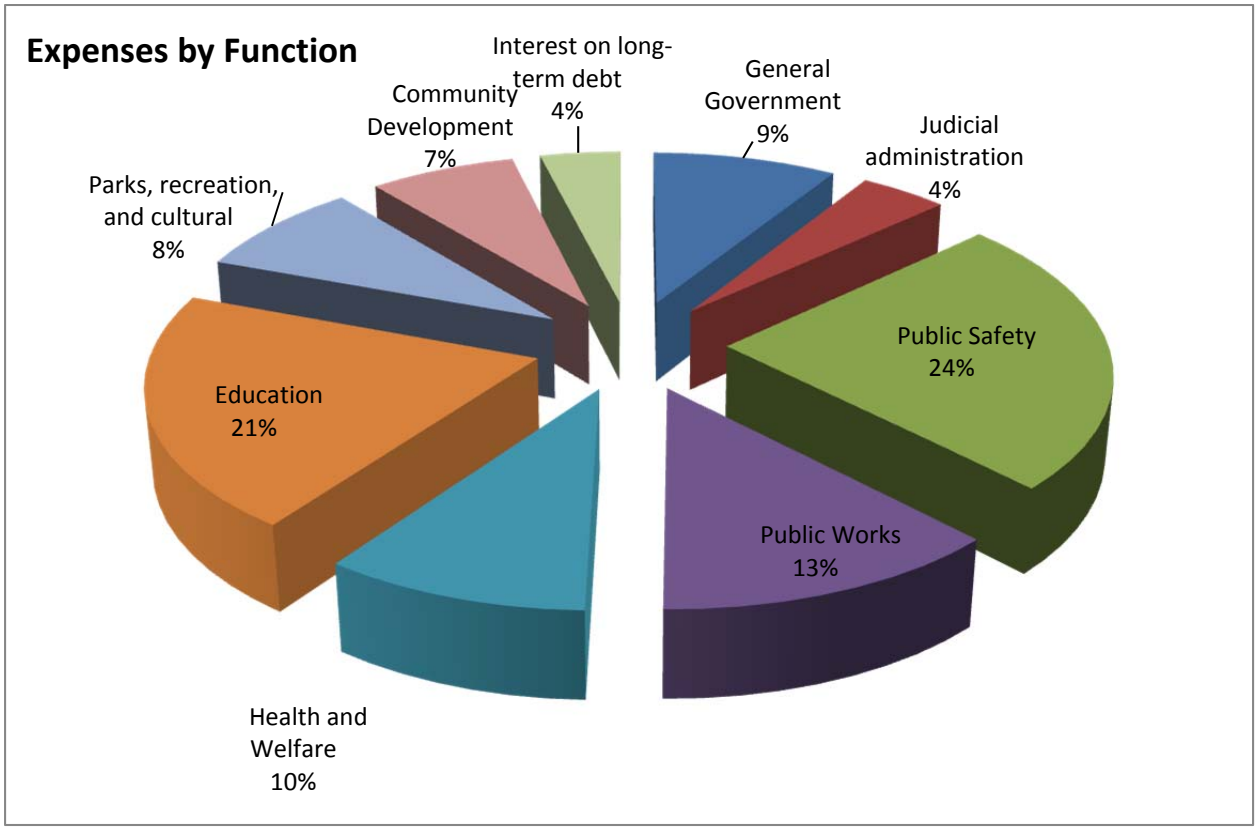
Expenses for governmental activities totaled $27,804,565 for the year, which is up 6.9% from the previous year. A 9% cost-of-living adjustment was made to salaries in FY 13. 6% of that was to compensate for the Virginia Retirement System reform. Council also gave a $375 bonus to all full time employees and $55 to all part time employees. Health insurance premiums increased by 7.5%. General government expenses are up due to an increase in legal services, hiring an Information Technology Technician, Code Red now being paid out of the General Fund as opposed to a grant, the Virtual Desktop Infrastructure project at the Recreation Center, and other technology related upgrades in workstations, memory, servers, and switches to allow for better communication links between server rooms.

Public Safety expenses comprise the largest portion of governmental expenses at 24%. This includes police, fire, EMS, and jail operations along with building official and code enforcement. Funding for education is the second largest portion of expenses at 21%. Expenses for Public Works are the next largest portion, by function, of the City's governmental activities at 13%. Expenses for street paving and maintenance, as well as maintenance of general buildings and engineering are included in this category. These 3 expense functions along with judicial administration, health and welfare, and parks and recreation remain relatively level as compared to FY 12.

Community Development increased 12.9% due to the continued growth and success of the Radford Transit system.

Interest on Long-Term Debt increased 13.3% due to having a full year of payments on the Public Safety building loan.

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, 2013, the governmental funds reflect a total fund balance of $9,734,698. Of this amount, $130,140 is nonspendable as it covers prepaid expenses. $2,812,037 is

restricted by grantors, higher levels of government, or law. $3,477,029 is committed by Council. The remainder, $3,315,492 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 $3,326,603, while the total fund balance was $6,372,379. 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 14% of the total General Fund expenditures and other financing uses, while total fund balance represents 28% of that same amount.

The fund balance of the General Fund increased by $694,479 during the current fiscal year. Personal property taxes, machinery and tools tax, furniture and fixtures tax, other local taxes, and charges for rescue services exceeded budgeted expectations.

Local taxes make up a large portion of General Fund revenues, totaling approximately $11,375,663 in fiscal year 2013. Property taxes make up 66% of local taxes and are up 1.5% from the prior year. All tax rates remained unchanged so this increase reflects modest growth. Other local taxes increased 6.3%. All categories of other local taxes increased except for tobacco taxes which were down 7%.

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 $2,020,540 during the fiscal year, an increase of 1.9% from last year. 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. For fiscal year ended June 30, 2013, City Council designated $6,216,502 towards new capital improvement projects. $1,208,304 was spent for new and 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 $452,429.

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.

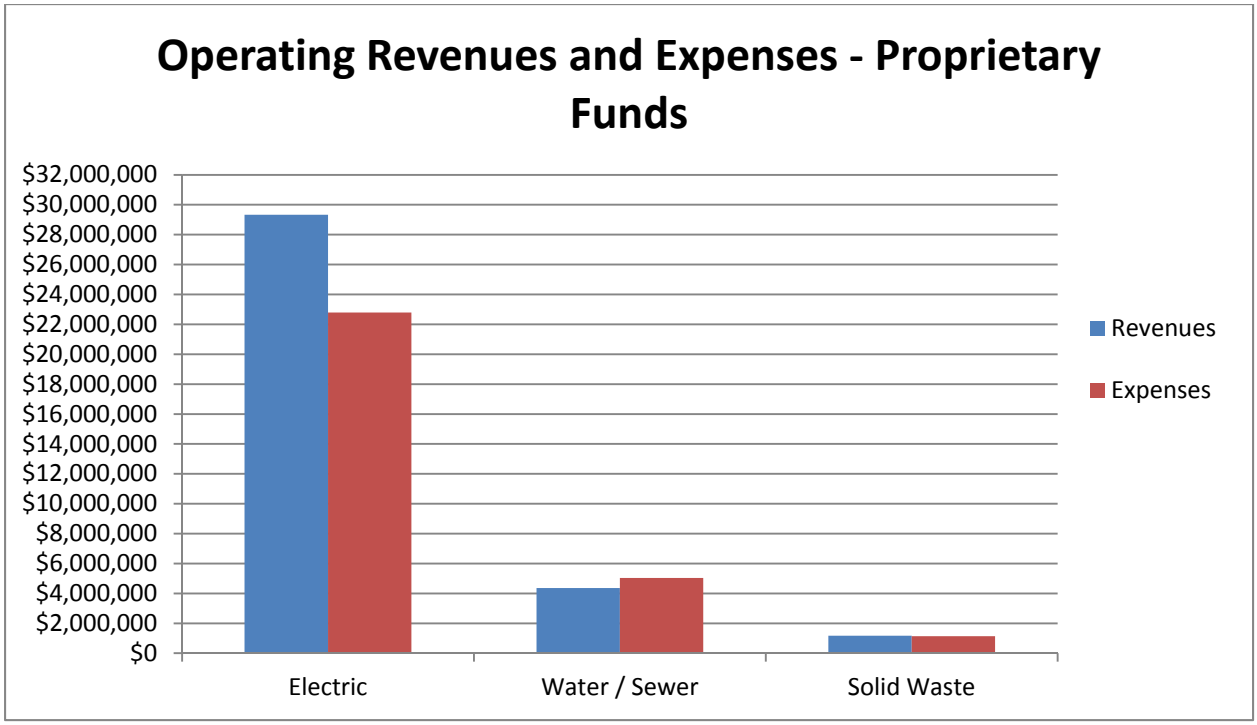
Proprietary Funds:

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 amounted to $10,921,801 at the end of the year, an increase of $3,481,614 from the prior year or 47%. The 2012 American Electric Power true up was in our favor this year at $1,537,088. The amount invested in capital assets, net of related debt, was reduced by approximately $227,631.

Unrestricted net position for the Water/Wastewater Fund amounted to $11,456 at the end of the year, which is a decrease of $783,038. Management is preparing a forecast of this fund's operations to evaluate trends in operating costs, capital needs, and the necessary rate structure to support operations.

Unrestricted net position for the Solid Waste Fund amounted to $529,890 at the end of the fiscal year, a decrease of $102,034 from the prior year. Operating income was $38,288 and the amount invested in capital assets increased by $170,351. The decrease in unrestricted net assets and corresponding increase in capital assets is due to a planned purchase of a brush truck out of reserves.



GENERAL FUND BUDGETARY HIGHLIGHTS

There were 34 amendments to the original budget during the 2012-2013 fiscal year. Significant increases in appropriations for the general fund budget are highlighted below:

- $62,433 state reduction in Aid to Localities

- $146,637 Virginia Retirement System reform
- $159,000 HVAC system for Recreation Center

CAPITAL ASSETS

As of June 30, 2013, the City's capital assets for its governmental and business-type activities amounted to $80,464,138 (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 $1,564,698.

Major capital assets events during the year included the following:

- $71,357 Solid Waste trash truck
- $106,805 Street Department dump truck
- $119,900 Solid Waste brush truck
- $134,235 HVAC system at Recreation Center
- $175,579 Multipurpose Ball Field improvements
- $196,764 Electric Department digger derrick (line truck)
- $555,652 Nine (9) Transit System buses and support vehicles
- $1,005,636 Second Avenue Improvement Project

Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	2,593,925	2,593,925	712,498	712,498	3,306,423	3,306,423
Construction in Progress	1,314,622	273,465	28,179	494,361	1,342,801	767,826
Building & Improvements	31,400,676	32,034,540	275,233	287,881	31,675,909	32,322,421
Machinery & Equipment	3,849,385	3,970,069	1,576,682	1,336,524	5,426,067	5,306,593
Plant & Infrastructure	21,392,456	22,214,401	17,320,482	18,111,172	38,712,938	40,325,573
Total	60,551,064	61,086,400	19,913,074	20,942,436	80,464,138	82,028,836

The changes in each category of Capital Assets are presented in detail in note 10 to the Basic Financial Statements.

LONG-TERM DEBT

At June 30, 2013, the City's long-term liabilities, not including compensated absences, claims payable, and OPEB obligations, totaled $28,555,199 comprised of $24,403,749 related to governmental activities, and $4,151,450 related to business-type activities. Total debt increased by $1,080,957 during the year. The City issued $7,434,692 during the fiscal year and made principal payments totaling $6,353,735.

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 $26,802,231 applicable to the limit is below the legal debt limit of $78,205,874.

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, 2013, $12,216,578 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 6 of the Basic financial statements.

CITY OF RADFORD
OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	23,582,010	20,350,159	3,220,221	5,404,239	26,802,231	25,754,398
Unamortized Premium	520,007	353,420	-	-	520,007	353,420
Lease Purchase	301,732	396,758	-	-	301,732	396,758
Revenue Bonds	-	-	931,229	969,666	931,229	969,666
Total	24,403,749	21,100,337	4,151,450	6,373,905	28,555,199	27,474,242

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's unemployment rate is 7.2 % out of a workforce of 8,511. Unemployment for last year was 6.9% out of 9,123.

The City of Radford continues to feel the impact of losses in state supported revenues, as well as a sluggish real estate market and factors relating to the stagnant health of the national economy. As a result of these influences, Radford will need to rely on the continued stability of its manufacturing industries, growing the service sector of the economy and growth associated with the University. There are positive signs of an improving economy with modest increases in retail sales, restaurant and lodging taxes, investments in new manufacturing, housing, small business, and job growth. The community should see more robust employment growth and investment in 2014, as well as increased utility usage from new business and the construction of facilities at Radford University. Small business openings and tourism related activity have been stable.

For the 2013-2014 fiscal year, property tax rates remained the same. All utility rates remain unchanged from FY 13.

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.radford.va.us.

Basic Financial Statements

Exhibit 1

City of Radford, Virginia
Statement of Net Position
June 30, 2013

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	$ 8,708,053	$ 8,120,525	$ 16,828,578	$ 391,275	$ 21,082
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,262,013	-	3,262,013	-	-
Accounts receivable	786,748	2,924,946	3,711,694	-	-
Internal balances	(836,925)	836,925	-	-	-
Due from other governmental units	902,568	-	902,568	208,803	-
Inventories	70,678	618,805	689,483	16,125	380,891
Prepaid items	137,041	32,764	169,805	-	2,644
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	2,140,401	-	2,140,401	-	-
Capital assets (net of accumulated depreciation):					
Land	2,593,925	712,498	3,306,423	33,433	-
Buildings and improvements	31,400,676	275,233	31,675,909	5,971,868	-
Machinery and equipment	3,849,385	1,576,682	5,426,067	702,527	-
Infrastructure and utility plants	21,392,456	17,320,482	38,712,938	-	-
Construction in progress	1,314,622	28,179	1,342,801	-	-
Total assets	$ 75,721,641	$ 32,447,039	$ 108,168,680	$ 7,324,031	$ 404,617
LIABILITIES					
Accounts payable	$ 1,206,337	$ 355,077	$ 1,561,414	$ 69,107	$ 182
Accrued wages	312,703	107,531	420,234	25,359	-
Customers' deposits	-	359,343	359,343	-	-
Amount held for others	70,327	-	70,327	-	-
Accrued interest payable	325,044	-	325,044	-	-
Unearned revenue	22,570	-	22,570	63,139	-
Long-term liabilities:					
Due within one year	1,558,022	799,804	2,357,826	355,060	-
Due in more than one year	23,536,751	3,600,513	27,137,264	274,750	-
Total liabilities	$ 27,031,754	$ 5,222,268	$ 32,254,022	$ 787,415	$ 182
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	$ 2,978,168	$ -	$ 2,978,168	$ -	$ -
NET POSITION					
Net investment in capital assets	$ 36,147,315	$ 15,761,624	$ 51,908,939	$ 6,707,828	$ -
Restricted	2,812,037	-	2,812,037	9,318	-
Unrestricted (deficit)	6,752,367	11,463,147	18,215,514	(180,530)	404,435
Total net position	$ 45,711,719	$ 27,224,771	$ 72,936,490	$ 6,536,616	$ 404,435

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, 2013

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
					Primary Government			Component Units	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**	**School Board**	**IDA**
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	$ 2,478,062	$ 34,279	$ 184,786	$ -	$ (2,258,997)	$ -	$ (2,258,997)	$ -	$ -
Judicial administration	1,182,752	361,125	426,319	-	(395,308)	-	(395,308)	-	-
Public safety	6,807,173	661,947	1,151,753	-	(4,993,473)	-	(4,993,473)	-	-
Public works	3,509,880	41,201	2,027,756	-	(1,440,923)	-	(1,440,923)	-	-
Health and welfare	2,662,252	-	1,976,472	-	(685,780)	-	(685,780)	-	-
Education	5,753,106	-	-	-	(5,753,106)	-	(5,753,106)	-	-
Parks, recreation, and cultural	2,331,432	126,685	139,493	-	(2,065,254)	-	(2,065,254)	-	-
Community development	1,964,126	-	1,523,228	-	(440,898)	-	(440,898)	-	-
Nondepartmental	33,375	-	-	-	(33,375)	-	(33,375)	-	-
Interest/bond issuance costs	1,082,407	-	-	-	(1,082,407)	-	(1,082,407)	-	-
Total governmental activities	$ 27,804,565	$ 1,225,237	$ 7,429,807	$ -	$ (19,149,521)	$ -	$ (19,149,521)	$ -	$ -
Business-type activities:									
Water and sewer	$ 5,096,068	$ 4,360,386	$ -	$ 1,672	$ -	$ (734,010)	$ (734,010)	$ -	$ -
Electric	22,800,427	29,329,304	-	$ 47,430	-	6,576,307	6,576,307	-	-
Nonmajor funds	1,138,631	1,176,919	-	$ 116,757	-	155,045	155,045	-	-
Total business-type activities	$ 29,035,126	$ 34,866,609	$ -	$ 165,859	$ -	$ 5,997,342	$ 5,997,342	$ -	$ -
Total primary government	$ 56,839,691	$ 36,091,846	$ 7,429,807	$ 165,859	$ (19,149,521)	$ 5,997,342	$ (13,152,179)	$ -	$ -
COMPONENT UNITS:									
School Board	$ 15,337,448	$ 225,323	$ 9,970,349	$ -	$ -	$ -	$ -	$ (5,141,776)	$ -
IDA	14,688	-	-	-	-	-	-	-	(14,688)
Total component units	$ 15,352,136	$ 225,323	$ 9,970,349	$ -	$ -	$ -	$ -	$ (5,141,776)	$ (14,688)
General revenues:									
General property taxes					$ 7,351,781	$ -	$ 7,351,781	$ -	$ -
Other local taxes:									
Local sales and use taxes					974,844	-	974,844	-	-
Consumers' utility taxes					575,931	-	575,931	-	-
Business license taxes					492,114	-	492,114	-	-
Motor vehicle taxes					198,060	-	198,060	-	-
Restaurant food taxes					1,024,005	-	1,024,005	-	-
Other local taxes					575,986	-	575,986	-	-
Unrestricted revenues from the use of money and property					162,021	13,218	175,239	4,031	14,905
Miscellaneous					2,694,064	-	2,694,064	58,503	1,041
Contributions from the City of Radford					-	-	-	5,211,899	-
Grants and contributions not restricted to specific programs					1,493,502	-	1,493,502	-	-
Gain (loss) on disposal of capital assets					(3,729)	30,296	26,567	-	-
Transfers					2,230,969	(2,230,969)	-	-	-
Total general revenues and transfers					$ 17,769,548	$ (2,187,455)	$ 15,582,093	$ 5,274,433	$ 15,946
Change in net position					$ (1,379,973)	$ 3,809,887	$ 2,429,914	$ 132,657	$ 1,258
Net position - beginning, as restated					47,091,692	23,414,884	70,506,576	6,403,959	403,177
Net position - ending					$ 45,711,719	$ 27,224,771	$ 72,936,490	$ 6,536,616	$ 404,435

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, 2013

	General	Capital Projects	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	$ 6,648,953	$ 1,002,806	$ 829,615	$ 8,481,374
Receivables (net of allowance for uncollectibles):				
Taxes receivable	3,262,013	-	-	3,262,013
Accounts receivable	662,521	-	121,921	784,442
Due from other governmental units	696,746	-	205,822	902,568
Prepaid items	117,376	-	12,764	130,140
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	2,140,401	-	2,140,401
Total assets	$ 11,387,609	$ 3,143,207	$ 1,170,122	$ 15,700,938
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 452,772	$ 333,618	$ 395,123	$ 1,181,513
Accrued wages and benefits	272,758	-	34,198	306,956
Accrued vacation and sick pay	99,518	-	11,152	110,670
Amounts held for others	70,327	-	-	70,327
Reconciled overdraft	-	-	77,099	77,099
Due to other funds	680,264		99,820	780,084
Unearned revenue	22,570	-	-	22,570
Total liabilities	$ 1,598,209	$ 333,618	$ 617,392	$ 2,549,219
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	$ 3,375,358	$ -	$ -	$ 3,375,358
Unavailable revenue-ambulance billings	41,663	-	-	41,663
Total deferred inflows of resources	$ 3,417,021	$ -	$ -	$ 3,417,021
Fund balances:				
Nonspendable	$ 117,376	$ -	$ 12,764	$ 130,140
Restricted (Note 17)	671,636	2,140,401	-	2,812,037
Committed (Note 17)	2,256,764	669,188	551,077	3,477,029
Unassigned	3,326,603	-	(11,111)	3,315,492
Total fund balances	6,372,379	2,809,589	552,730	9,734,698
Total liabilities, deferred inflows of resources, and fund balances	$ 11,387,609	$ 3,143,207	$ 1,170,122	$ 15,700,938

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, 2013

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 9,734,698
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes $36,439 in Internal Service Fund capital assets).		
Land	$ 2,593,925	
Buildings and improvements	31,383,753	
Infrastructure	21,392,456	
Machinery and equipment	3,829,869	
Construction in progress	1,314,622	60,514,625
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unearned revenues	397,190	
Deferred inflows	41,663	438,853
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.		317,799
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds and capital lease	$ (23,883,742)	
Accrued interest payable	(325,044)	
Unamortized bond premium	(520,007)	
Compensated absences	(504,647)	
Net OPEB obligation	(60,816)	(25,294,256)
Net position of governmental activities		$ 45,711,719

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, 2013

	General	Capital Projects	Other Governmental Funds	Total
REVENUES				
General property taxes	$ 7,534,723	$ -	$ -	$ 7,534,723
Other local taxes	3,840,940	-	-	3,840,940
Permits, privilege fees, and regulatory licenses	40,213	-	-	40,213
Fines and forfeitures	302,330	-	-	302,330
Revenue from the use of money and property	158,348	3,533	140	162,021
Charges for services	830,867	-	53,772	884,639
Miscellaneous	2,406,068	-	287,996	2,694,064
Recovered costs	10,364	-	-	10,364
Intergovernmental revenues:				
Commonwealth	4,401,904	-	2,637,077	7,038,981
Federal	672,309	-	1,212,019	1,884,328
Total revenues	$ 20,198,066	$ 3,533	$ 4,191,004	$ 24,392,603
EXPENDITURES				
Current:				
General government administration	$ 2,290,530	$ -	$ -	$ 2,290,530
Judicial administration	1,169,552	-	-	1,169,552
Public safety	6,145,538	-	261,004	6,406,542
Public works	826,230	-	1,914,896	2,741,126
Health and welfare	2,653,340	-	3,033	2,656,373
Education	5,273,296	-	-	5,273,296
Parks, recreation, and cultural	2,148,733	-	-	2,148,733
Community development	455,984	-	1,889,644	2,345,628
Nondepartmental	33,375	-	-	33,375
Capital projects	-	1,089,854	-	1,089,854
Debt service:				
Principal retirement	1,043,312	-	24,000	1,067,312
Interest and other fiscal charges	961,450	42,055	7,529	1,011,034
Bond issuance costs	-	76,395	-	76,395
Total expenditures	$ 23,001,340	$ 1,208,304	$ 4,100,106	$ 28,309,750
Excess (deficiency) of revenues over (under) expenditures	$ (2,803,274)	$ (1,204,771)	$ 90,898	$ (3,917,147)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 3,611,857	$ 580,773	$ 123,845	$ 4,316,475
Transfers out	(1,434,741)	(619,156)	(48,086)	(2,101,983)
Bond issuance	1,385,906	3,069,643	-	4,455,549
Debt service - current refunding - principal	(66,769)	-	-	(66,769)
Sale of capital assets	1,500	-	-	1,500
Total other financing sources (uses)	$ 3,497,753	$ 3,031,260	$ 75,759	$ 6,604,772
Net change in fund balances	$ 694,479	$ 1,826,489	$ 166,657	$ 2,687,625
Fund balances - beginning	5,677,900	983,100	386,073	7,047,073
Fund balances - ending	$ 6,372,379	$ 2,809,589	$ 552,730	$ 9,734,698

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, 2013

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 2,687,625
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 capital outlays exceeded depreciation in the current period.		
Capital outlays	$ 2,053,204	
Depreciation expenses	(2,380,970)	(327,766)
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to increase net position.		(205,160)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(184,887)
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.		
Debt issued or incurred:		
Issuance of general obligation debt	$ (4,270,906)	
Issuance premium (to be amortized against interest expense)	(184,643)	
Principal repayments:		
General obligation bonds	1,039,055	
Capital lease	95,026	(3,321,468)
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.		
Decrease (increase) in compensated absenses	$ (41,811)	
Decrease (increase) in accrued interest payable	(13,034)	
Amortization of bond premium	18,056	
(Increase) decrease in net OPEB obligation	(9,288)	(46,077)
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.		17,760
Change in net position of governmental activities		$ (1,379,973)

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, 2013

	Enterprise Funds				
	Water and Sewer	Electric Fund	Solid Waste Fund	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 418,272	$ 7,359,459	$ 342,794	$ 8,120,525	$ 303,778
Accounts receivable, net of allowance for uncollectibles	395,997	2,414,773	114,176	2,924,946	2,306
Due from other funds	64,389	1,455,949	136,796	1,657,134	-
Inventories	223,892	394,913	-	618,805	70,678
Prepaid expenses	11,248	14,250	7,266	32,764	6,901
Total current assets	$ 1,113,798	$ 11,639,344	$ 601,032	$ 13,354,174	$ 383,663
Noncurrent assets:					
Capital assets:					
Land	$ 188,734	$ 523,764	$ -	$ 712,498	$ -
Utility plant and lines in service	29,848,927	16,829,385	-	46,678,312	-
Buildings and improvements	24,143	414,896	-	439,039	39,618
Machinery and equipment	1,354,501	5,550,355	1,285,639	8,190,495	283,023
Construction in progress	28,179	-	-	28,179	-
Less accumulated depreciation	(17,492,810)	(17,981,334)	(661,305)	(36,135,449)	(286,202)
Total capital assets	$ 13,951,674	$ 5,337,066	$ 624,334	$ 19,913,074	$ 36,439
Total noncurrent assets	$ 13,951,674	$ 5,337,066	$ 624,334	$ 19,913,074	$ 36,439
Total assets	$ 15,065,472	$ 16,976,410	$ 1,225,366	$ 33,267,248	$ 420,102
LIABILITIES					
Current liabilities:					
Accounts payable	$ 142,711	$ 180,678	$ 31,688	$ 355,077	$ 24,824
Salaries and wages payable	31,381	60,545	15,605	107,531	5,747
Customers' deposits	34,491	324,852	-	359,343	-
Due to other funds	820,209	-	-	820,209	56,841
Compensated absences - current portion	55,163	113,601	17,887	186,651	1,729
Bonds payable - current portion	569,446	43,707	-	613,153	-
Total current liabilities	$ 1,653,401	$ 723,383	$ 65,180	$ 2,441,964	$ 89,141
Noncurrent liabilities:					
Compensated absences - net of current portion	$ 18,387	$ 37,867	$ 5,962	$ 62,216	$ 13,162
Bonds payable - net of current portion	3,313,010	225,287	-	3,538,297	-
Total noncurrent liabilities	$ 3,331,397	$ 263,154	$ 5,962	$ 3,600,513	$ 13,162
Total liabilities	$ 4,984,798	$ 986,537	$ 71,142	$ 6,042,477	$ 102,303
NET POSITION					
Net investment in capital assets	$ 10,069,218	$ 5,068,072	$ 624,334	$ 15,761,624	$ 36,439
Unrestricted	11,456	10,921,801	529,890	11,463,147	281,360
Total net position	$ 10,080,674	$ 15,989,873	$ 1,154,224	$ 27,224,771	$ 317,799

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 Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	
OPERATING REVENUES					
Charges for services:					
Water sales	$ 2,064,723	$ -	$ -	$ 2,064,723	$ -
Electric sales	-	29,095,260	-	29,095,260	-
Sanitation charges	-	-	1,176,919	1,176,919	-
Internal service charges	-	-	-	-	876,457
Sewer sales	2,142,843	-	-	2,142,843	-
Tap fees	6,262	-	-	6,262	-
Connection fees	21,663	-	-	21,663	-
Availability fees	48,860	-	-	48,860	-
Penalties	73,077	163,599	-	236,676	-
Miscellaneous revenue	2,958	27,491	-	30,449	-
Other revenues	-	42,954	-	42,954	-
Total operating revenues	$ 4,360,386	$ 29,329,304	$ 1,176,919	$ 34,866,609	$ 876,457
OPERATING EXPENSES					
Personnel	$ 1,078,087	$ 1,919,341	$ 554,827	$ 3,552,255	$ 208,999
Professional services	107,367	118,109	320	225,796	-
Automotive expenses	70,427	72,717	170,412	313,556	520,927
Office supplies and expenses	2,345	13,031	150	15,526	335
Risk management	24,320	25,458	10,429	60,207	6,669
Postal services	233	154	-	387	-
Telecommunications	16,804	13,966	791	31,561	786
Conferences and education	1,630	9,733	-	11,363	542
Dues and memberships	649	9,164	-	9,813	-
Heating service	10,711	-	-	10,711	2,619
Repairs and maintenance	258,686	376,911	-	635,597	42,177
Janitorial supplies	571	581	80	1,232	394
Tools	6,743	21,173	-	27,916	4,838
Lease/rentals	807	1,108	-	1,915	-
Agricultural supplies	300	-	-	300	-
Uniforms	4,361	11,418	1,865	17,644	446
Building expenses	4,002	614	5,863	10,479	32,522
Solid waste services	1,776	1,200	65,201	68,177	-
Electrical service	254,072	1,247	-	255,319	39,054
Supplies	10,158	-	-	10,158	-
Purchase of electricity	-	18,117,655	-	18,117,655	-
Services from other governments	1,616,044	-	148,412	1,764,456	-
Payment in lieu of taxes	602,415	1,382,974	102,720	2,088,109	-
Miscellaneous	12,095	19,051	410	31,556	206
Chemicals and gases	70,447	-	-	70,447	2,105
Depreciation	880,843	673,204	77,151	1,631,198	13,838
Total operating expenses	$ 5,035,893	$ 22,788,809	$ 1,138,631	$ 28,963,333	$ 876,457
Operating income (loss)	$ (675,507)	$ 6,540,495	$ 38,288	$ 5,903,276	$ -
NONOPERATING REVENUES (EXPENSES)					
Investment income	$ 2,420	$ 10,623	$ 175	$ 13,218	$ -
Sale of surplus	30,296	-	-	30,296	-
Interest expense and bond issuance costs	(60,175)	(11,618)	-	(71,793)	-
Total nonoperating revenues (expenses)	$ (27,459)	$ (995)	$ 175	$ (28,279)	$ -
Income before contributions and transfers	$ (702,966)	$ 6,539,500	$ 38,463	$ 5,874,997	$ -
Capital contributions and construction grants	1,672	47,430	116,757	165,859	1,283
Transfers in	1,408,723	-	-	1,408,723	16,477
Transfers out	(219,842)	(3,332,947)	(86,903)	(3,639,692)	-
Change in net position	$ 487,587	$ 3,253,983	$ 68,317	$ 3,809,887	$ 17,760
Net position - beginning, as restated	9,593,087	12,735,890	1,085,907	23,414,884	300,039
Net position - ending	$ 10,080,674	$ 15,989,873	$ 1,154,224	$ 27,224,771	$ 317,799

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, 2013

	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	$ 4,321,605	$ 29,101,568	$ 1,189,465	$ 34,612,638	$ -
Receipts from interfund services	-	-	-	-	876,138
Payments to suppliers	(3,111,975)	(21,488,548)	(506,101)	(25,106,624)	(627,691)
Payments to employees	(1,067,618)	(1,916,274)	(556,368)	(3,540,260)	(204,154)
Net cash provided by (used for) by operating activities	$ 142,012	$ 5,696,746	$ 126,996	$ 5,965,754	$ 44,293
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	$ (219,842)	$ (3,332,947)	$ (86,903)	$ (3,639,692)	$ -
Transfers from other funds	1,408,723	-	-	1,408,723	11,249
Advances from other funds	504,975	-	-	504,975	39,260
Advances to other funds	(44,756)	(1,010,235)	(48,150)	(1,103,141)	-
Net cash provided by (used for) by noncapital financing activities	$ 1,649,100	$ (4,343,182)	$ (135,053)	$ (2,829,135)	$ 50,509
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Additions to utility plant, equipment (1)	$ (67,467)	$ (286,867)	$ (247,502)	$ (601,836)	$ (6,200)
Principal payments on bonds	(4,750,827)	(450,771)	-	(5,201,598)	-
Contributions in aid of construction	1,672	47,430	116,757	165,859	1,283
Proceeds from indebtedness	2,687,078	292,065	-	2,979,143	-
Interest payments	(60,175)	(11,618)	-	(71,793)	
Net cash provided by (used for) by capital and related financing activities	$ (2,189,719)	$ (409,761)	$ (130,745)	$ (2,730,225)	$ (4,917)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	$ 2,420	$ 10,623	$ 175	$ 13,218	$ -
Other	30,296			30,296	-
Net cash provided by (used for) by investing activities	$ 32,716	$ 10,623	$ 175	$ 43,514	$ -
Net increase (decrease) in cash and cash equivalents	$ (365,891)	$ 954,426	$ (138,627)	$ 449,908	$ 89,885
Cash and cash equivalents - beginning	784,163	6,405,033	481,421	7,670,617	213,893
Cash and cash equivalents - ending	$ 418,272	$ 7,359,459	$ 342,794	$ 8,120,525	$ 303,778
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:					
Operating income (loss)	$ (675,507)	$ 6,540,495	$ 38,288	$ 5,903,276	$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	880,843	673,204	77,151	1,631,198	13,838
(Increase) decrease in accounts receivable	(33,418)	(169,869)	12,546	(190,741)	(319)
(Increase) decrease in inventories	(10,710)	(80,725)	-	(91,435)	(992)
(Increase) decrease in prepaid expenses	(978)	(1,386)	(357)	(2,721)	4,610
Increase (decrease) in customer deposits	(5,363)	(57,867)	-	(63,230)	-
Increase (decrease) in operating payables	(23,324)	(1,210,173)	909	(1,232,588)	22,311
Increase (decrease) in salaries and wages payable	1,506	3,382	477	5,365	(37)
Increase (decrease) in accrued leave	8,963	(315)	(2,018)	6,630	4,882
Total adjustments	817,519	(843,749)	88,708	62,478	44,293
Net cash provided by (used for) by operating activities	$ 142,012	$ 5,696,746	$ 126,996	$ 5,965,754	$ 44,293

(1) Includes capitalized interest of $32,943 in the Water and Sewer Fund

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, 2013

		Agency Funds
ASSETS		
Cash and cash equivalents	$	45,623
Total assets	$	45,623
LIABILITIES		
Amounts held for social services clients	$	7,372
Amounts held for Highlander Festival		10,179
Amounts held for CSA program		28,072
Total liabilities	$	45,623

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 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 (government) 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 Industrial 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 of Radford 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 of Radford paid $1,616,044 to the Pepper's Ferry Regional Wastewater Treatment Authority.

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

A. Financial Reporting Entity (Continued)

The City of Radford 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 of Radford appoints two members to the Authority's seven-member board of directors. The City of Radford paid $96,522 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 $714,670 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 (government 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 *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 government reports the following non-major proprietary funds:

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

Additionally, the government reports the following fund types:

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Grants Fund, Highway Maintenance Fund, and Transit Fund are reported as non-major special revenue funds.

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.

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

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

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 and the CSA Regional Program 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 *non-operating* 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 non-operating revenues and expenses.

D. 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) until then. The City does not have any deferred outflows of resources as of June 30, 2013.

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

D. 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 receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 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. The City has deferred inflows consisting of property taxes in the amount of $3,375,358, with $2,978,168 of such amount representing 2nd half installments on the City's 2013 real estate levy and the remainder $397,190 representing property taxes receivable as of June 30th, but unavailable at year end under the modified accrual basis of accounting.

E. 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.

2. Investments

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

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

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 $1,301,136 at June 30, 2013. The allowance consists of delinquent taxes in the amount of $206,208, delinquent ambulance bills of $38,787, delinquent utility tax bills of $27,180, delinquent water and sewer bills of $153,769, delinquent solid waste fees of $64,641, and delinquent electric bills of $837,731.

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.

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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 estimated fair market 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.

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

8. 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.

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

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

9. Long-term obligations

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

10. 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.

11. 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.

12. Fund equity

The City of Radford, Virginia 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);

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

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

12. Fund equity (continued)

- 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 of Radford, Virginia's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The City of Radford, Virginia 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).

13. Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 63 of the Governmental Accounting Standards Board

The City implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement provides guidance for reporting deferred inflows and outflows of resources. The requirement of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the entity's net position. With the implementation of this Statement, certain terminology has changed and financial statement descriptions have changed from "net assets" to "net position." The net equity reported in the financial statements was not changed as a result of implementing this Statement and no restatement of prior balances is required.

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

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

14. Items Previously Reported as Assets and Liabilities, Statement No. 65 of the Governmental Accounting Standards Board

The City implemented the financial reporting provisions of the above Statement for the fiscal year ended June 30, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

15. 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.

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. Prior to March 30, 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.

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).

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

B. Budgetary information(Continued)

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.

C. Excess of expenditures over appropriations

For the year ended June 30, 2013, no expenditures exceeded appropriations.

D. Deficit fund equity

At June 30, 2013, the grants fund ended the year with deficit 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.

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).

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Note 3-Deposits and Investments: (Continued)

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, 2013 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	$	5,029,545
State Non-arbitrage Pool		2,339,247

External Investment Pools

The State Non-arbitrage Pool (SNAP) is an open-end management investment company registerd with the Securities and Exchange Commission.

As the Local Government Investment Pool (LGIP) is not SEC registered, regulatory oversight of the pools rest with the Virginia State Treasury. LGIP maintains policies to operate in a manner consistent with SEC Rule 2a-7. The fair value of the positions in the external investment pools (LGIP and SNAP) is the same as the value of the pool shares.

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	$	160,617
Local communication tax		120,724
Categorical aid-other		159,789
Non-categorical aid		16,106
Categorical aid-Virginia Public Assistance		45,909
Categorical aid-Comprehensive Services Act		212,515
Federal Government:		
Categorical aid-Virginia Public Assistance		51,198
Categorical aid-other		135,710
Total	$	902,568

Note 5-Interfund Transfers/Component Unit Contributions:

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 3,611,857	$ 1,434,741
Capital Projects Fund	580,773	619,156
Grants Fund	13,567	33,086
Transit Fund	105,219	-
Solid Waste Fund	-	86,903
Electric Fund	-	3,332,947
Water and Sewer Fund	1,408,723	219,842
Highway Maintenance Fund	5,059	15,000
Internal Service Fund	16,477	-
Total	$ 5,741,675	$ 5,741,675

Primary government contributions to component units for the year ended June 30, 2013, consisted of the following and include the transfer of funds for debt-financed projects:

Component Unit:	
School Board	$ 5,211,899

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

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Note 6-Long-Term Obligations:

Primary Government - Governmental Activity Indebtedness:

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2013.

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013
General Obligation Bonds	$ 20,350,159	$ 4,270,906	$ (1,039,055)	$ 23,582,010
Unamortized Premium	353,420	184,643	(18,056)	520,007
Capital Lease	396,758	-	(95,026)	301,732
Net OPEB obligation	51,528	19,895	(10,607)	60,816
Compensated Absences	572,816	487,004	(429,612)	630,208
Total	$ 21,724,681	$ 4,962,448	$ (1,592,356)	$ 25,094,773

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
2014	$ 986,248	$ 987,906
2015	1,013,228	954,561
2016	879,987	920,604
2017	909,586	886,288
2018	939,985	849,121
2019-2023	4,061,762	3,681,906
2024-2028	4,720,583	2,640,011
2029-2033	4,058,168	1,587,032
2034-2038	2,118,746	908,729
2039-2043	1,896,206	579,941
2044-2048	1,399,514	265,786
2049-2050	597,997	23,284
Totals	$ 23,582,010	$ 14,285,169

Note 6-Long-Term Obligations: (Continued)

Primary Government - Governmental Activity Indebtedness: (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	2.97%	4/7/2004	2015	2,202,000	$ 431,159	$ 222,019
GO Bond	4.6-5.1%	5/15/2008	2034	8,120,000	7,400,000	205,000
GO Bond	3.6-5.35%	12/11/2008	2029	5,797,690	4,816,578	253,064
GO Bond	Libor + .02%	7/15/2010	2025	425,000	379,000	25,000
GO Bond	4.00%	5/7/2010	2043	6,500,000	6,419,056	77,865
GO Bond	2.42%	12/18/2012	2020	1,385,906	1,251,217	203,300
GO Bond	3.22%	12/6/2012	2043	2,885,000	2,885,000	-
Subtotal GO Bonds					$ 23,582,010	$ 986,248
Add: Bond Premium	n/a	n/a	n/a	n/a	$ 232,303	$ -
Bond Premium	n/a	n/a	n/a	n/a	103,061	-
Bond Premium	n/a	n/a	n/a	n/a	184,643	-
Total GO Bonds					$ 24,102,017	$ 986,248
Other Obligations:						
Capital Lease	n/a	n/a	n/a	n/a	$ 249,326	$ 46,712
Capital Lease	n/a	n/a	n/a	n/a	52,406	52,406
Net OPEB Obligation	n/a	n/a	n/a	n/a	60,816	-
Compensated Absences	n/a	n/a	n/a	n/a	630,208	472,656
Total Long-term Obligations					$ 25,094,773	$ 1,558,022

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Note 6-Long-Term Obligations: (Continued)

Primary Government – Business-type Activity Indebtedness:

The following is a summary of long-term debt transactions of the Enterprise Funds for the year ended June 30, 2013.

	Balance July 1, 2012	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2013
Revenue Bonds	$ 969,666	$ -	$ (38,437)	$ 931,229
General Obligation Bonds	5,404,239	2,979,143	(5,163,161)	3,220,221
Compensated Absences	242,237	188,308	(181,678)	248,867
Total	$ 6,616,142	3,167,451	$ (5,383,276)	$ 4,400,317

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
2014	$ 38,437	$ -	$ 531,009	$ 57,894
2015	38,437	-	575,328	48,096
2016	38,437	-	584,172	34,023
2017	38,437	-	492,427	19,775
2018	38,437	-	477,396	9,556
2019-2023	192,183	-	275,963	2,371
2024-2028	171,220	-	14,932	-
2029-2033	150,258	-	-	-
2034-2038	150,258	-	-	-
2038-2041	75,125	-	-	-
Totals	$ 931,229	$ -	$ 2,951,227	$ 171,715

Note 6-Long-Term Obligations: (Continued)

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

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

Electric Fund		
Year Ending	General Obligation	
June 30,	Principal	Interest
2014	$ 43,707	$ 4,546
2015	48,598	4,042
2016	49,574	3,066
2017	50,569	2,070
2018	51,585	1,054
2019-2020	24,961	262
Totals	$ 268,994	$ 15,040

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Note 6-Long-Term Obligations: (Continued)

Primary Government – Business-type Activity 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/Wastewater Fund						
Revenue Bonds:						
Revenue Bond	0.00%	9/29/2005	2026	$ 167,700	$ 104,812	$ 8,385
Revenue Bond	0.00%	1/1/2010	2041	901,546	826,417	30,052
Total Revenue Bonds					$ 931,229	$ 38,437
General Obligation Bonds:						
GO Bond	2.97%	8/1/1996	2016	$ 2,500,000	$ 399,234	$ 125,000
GO Bond	0.00%	7/30/2004	2024	337,660	114,437	9,951
GO Bond	2.42%	12/18/2012	2020	2,687,077	2,437,556	396,058
Total General Obligation Bonds					$ 2,951,227	$ 531,009
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 73,550	$ 55,163
Total Long-term Obligations-Water/Sewer Fund					$ 3,956,006	$ 624,609
Electric Fund						
General Obligation Bonds:						
GO Bond	2.42%	12/18/2012	2020	$ 292,065	$ 268,994	$ 43,707
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 151,468	$ 113,601
Total Long-term Obligations-Electric Fund					$ 420,462	$ 157,308
Other Funds						
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 23,849	$ 17,887
Total Long-term Obligations-Other Funds					$ 23,849	$ 17,887
Total Long-term Obligations					$ 4,400,317	$ 799,804

Note 7-Defined Benefit Pension Plan:

A. Plan Description

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

The City of Radford, Virginia contributes to the Virginia Retirement System (VRS), an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

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

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

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or at age 50 with at least 10 years of service credit.

- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

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

Note 7-Defined Benefit Pension Plan: (Continued)

A. Plan Description (Continued)

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP, or Advance Pension Option or those retiring with a reduced benefit.

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

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2012-annual-report.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be 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% member contribution. This could be phased in over a period 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. In addition, the City is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City's contribution rate for the fiscal year ended 2013 was 13.21% of annual covered payroll.

Note 7-Defined Benefit Pension Plan: (Continued)

C. Annual Pension Cost

For fiscal year 2013, the City of Radford, Virginia's annual pension cost of $1,195,957 was equal to the City of Radford, Virginia's required and actual contributions.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	$ 1,195,957	100%	$
June 30, 2012	1,191,804	100%	-
June 30, 2011	1,189,537	100%	-

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

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Note 7-Defined Benefit Pension Plan: (Continued)

D. Funding Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 71.52% funded. The actuarial accrued liability for benefits was $45,523,925, and the actuarial value of assets was $32,560,966, resulting in an unfunded actuarial accrued liability (UAAL) of $12,962,959. The covered payroll (annual payroll of active employees covered by the plan) was $8,243,800, and ratio of the UAAL to the covered payroll was 157.24%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 8-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 of Radford 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.

Note 8-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 45 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, 2013:

Participants	Monthly Premium
Employee	$ 522

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 2013, the City's annual OPEB cost (expense) was $19,895 and the ARC was $19,910. The obligation calculation is as follows:

Annual required contribution	$ 19,910
Interest on net OPEB obligation	2,061
Adjustment to annual required contribution	(2,076)
Annual OPEB cost (expense)	$ 19,895
Contributions made	10,607
Increase in net OPEB obligation	$ 9,288
Net OPEB obligation - beginning of year	51,528
Net OPEB obligation - ending of year	$ 60,816

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	$ 19,895	53%	$ 60,816
6/30/2012	19,898	53%	51,528
6/30/2011	23,711	67%	42,237

Note 8-Other Postemployment Benefits-Health Insurance: (Continued)

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2012 (the most recent valuation date), was as follows:

Actuarial accrued liability (AAL)	$	309,429
Actuarial value of plan assets	$	-
Unfunded actuarial accrued liability (UAAL)	$	309,429
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (active plan members)	$	2,011,984
UAAL as a percentage of covered payroll		15.38%

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, 2012, 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 5.80% graded to 6.00%. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2012, was 25.5 years.

Note 9-Unavailable/Unearned 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. Unavailable revenue totaling $3,424,495 and unearned revenue totaling $22,570 is comprised of the following:

Unavailable revenue –

Unavailable property tax revenue totaling $3,218,115 represent uncollected property tax billings that are not available for the funding of current expenditures.

Unavailable ambulance billings totaling $41,663 represent uncollected ambulance billings that are not available for the funding of current expenditures.

Prepaid Property Taxes – Property taxes totaling $164,717 not due until December 5, 2013, but paid prior to June 30, 2013.

Other – Booth rentals and donations for the City's July 4th celebration received in advance of year end totaled $22,570.

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Note 10-Capital Assets:

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

Primary Government: (including internal service funds)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	$ 2,593,925	$ -	$ -	$ 2,593,925
Construction in progress	273,465	1,041,157	-	1,314,622
Total capital assets not being depreciated	$ 2,867,390	$ 1,041,157	$ -	$ 3,908,547
Capital assets, being depreciated:				
Buildings and improvements	$ 37,146,064	$ 160,565	$ (17,378)	$ 37,289,251
Infrastructure	50,428,291	19,904	-	50,448,195
Machinery and equipment	11,559,858	872,060	(726,100)	11,705,818
Total capital assets being depreciated	$ 99,134,213	$ 1,052,529	$ (743,478)	$ 99,443,264
Accumulated depreciation:				
Buildings and improvements	$ (5,111,524)	$ (794,429)	$ 17,378	$ (5,888,575)
Infrastructure	(28,213,890)	(841,849)	-	(29,055,739)
Machinery and equipment	(7,589,789)	(787,585)	520,941	(7,856,433)
Total accumulated depreciation	$ (40,915,203)	$ (2,423,863)	$ 538,319	$ (42,800,747)
Total capital assets being depreciated, net	$ 58,219,010	$ (1,371,334)	$ (205,159)	$ 56,642,517
Governmental activities capital assets, net	$ 61,086,400	$ (330,177)	$ (205,159)	$ 60,551,064

Asset additions include assets transferred from other funds of $34,282. Depreciation addition includes accumulated depreciation on assets transferred from other funds of $29,055.

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Note 10-Capital Assets: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	$ 712,498	$ -	$ -	$ 712,498
Construction in progress	494,361	49,647	(515,829)	28,179
Total capital assets not being depreciated	$ 1,206,859	$ 49,647	$ (515,829)	$ 740,677
Capital assets, being depreciated:				
Buildings and structures	$ 439,039	$ -	$ -	$ 439,039
Machinery and equipment	7,754,975	487,122	(51,602)	8,190,495
Plant and infrastructure	46,097,416	580,896	-	46,678,312
Total capital assets being depreciated	$ 54,291,430	$ 1,068,018	$ (51,602)	$ 55,307,846
Accumulated depreciation:				
Buildings and structures	$ (151,158)	$ (12,648)	$ -	$ (163,806)
Machinery and equipment	(6,418,450)	(246,965)	51,602	(6,613,813)
Plant and infrastructure	(27,986,245)	(1,371,585)	-	(29,357,830)
Total accumulated depreciation	$ (34,555,853)	$ (1,631,198)	$ 51,602	$ (36,135,449)
Total capital assets being depreciated, net	$ 19,735,577	$ (563,180)	$ -	$ 19,172,397
Business-type activities capital assets, net	$ 20,942,436	$ (513,533)	$ (515,829)	$ 19,913,074

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Note 10-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	$ 238,841
Judicial administration	11,550
Public safety	456,968
Public works	916,024
Health and welfare	6,862
Education	279,879
Parks, recreation, and culture	296,910
Community Development	173,936
Internal service funds	13,838
Total depreciation expense-governmental activities	$ 2,394,808
Business type activities:	
Water and Sewer Fund	$ 880,843
Electric Fund	673,204
Solid Waste Fund	77,151
Total depreciation expense-business type activities	$ 1,631,198

Certain capital assets have been transferred to the water and sewer fund that have been fully depreciated. Thus, the asset cost and accumulated depreciation were reported as additions in the current year.

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Note 11-Capital Leases:

The City has entered into lease agreements to finance the acquisition of a Fire Truck and police vehicles. 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 their date of inception.

The costs and accumulated depreciation associated with assets acquired through capital leases is as follows:

	Fire Truck	6 Police Vehicles	Total
Machinery & Equipment	$ 900,638	$ 163,041	$ 1,063,679
Accumulated Depreciation	(153,281)	(136,234)	(289,515)
Total	$ 747,357	$ 26,807	$ 774,164

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

Fiscal Year Ended	Leases
2014	$ 110,166
2015	54,892
2016	54,770
2017	54,645
2018	54,515
Total minimum lease payments	$ 328,988
Less: amount representing interest	(27,256)
Present value of minimum lease payments	$ 301,732

Note 12-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 13-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 Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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 14-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, Sherriff	30,000

Note15-Commitments and Contingencies:

The City leases real estate, 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 was involved in major construction projects during the fiscal year, as presented below:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2013
Second Avenue Project	$ 5,179,056	$ 4,414,935

Note 16-Arbitrage Rebate Compliance:

As of June 30, 2013 and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

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Note 17-Restricted and Committed Fund Balance:

Governmental Activities/Funds:	General Fund	Highway Maintenance Fund	Transit Fund	Capital Projects Fund	Total
Restricted:					
Hazmat operations	$ 108,970	$ -	$ -	$ -	$ 108,970
Fire donations	92,214	-	-	-	92,214
Police department	36,885	-	-	-	36,885
Four for life program	52,696	-	-	-	52,696
Fire programs	260,705	-	-	-	260,705
Recreation donations	48,871	-	-	-	48,871
Library donations	3,212	-	-	-	3,212
Courthouse maintenance	22,398	-	-	-	22,398
Law library	13,783	-	-	-	13,783
Courtroom security	293	-	-	-	293
Beautification donations	14,627	-	-	-	14,627
Inmate booking	16,982	-	-	-	16,982
Capital projects	-	-	-	2,140,401	2,140,401
Total restricted balances	$ 671,636	$ -	$ -	$ 2,140,401	$ 2,812,037
Governmental Funds:					
Commited funds:					
Library fines/copier fees/donations	$ 76,529	$ -	$ -	$ -	$ 76,529
Project lifesaver	1,252	-	-	-	1,252
Volunteer service awards	38,735	-	-	-	38,735
DMV revenues	58,444	-	-	-	58,444
School Board	2,081,804	-	-	-	2,081,804
Capital projects	-	-	-	669,188	669,188
Highway maintenance	-	466,293	-	-	466,293
Transit fund	-	-	84,784	-	84,784
Total committed balances	$ 2,256,764	$ 466,293	$ 84,784	$ 669,188	$ 3,477,029

Note 18-Litigation:

At June 30, 2013, 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 19-Restatement of Beginning Net Position:

During the fiscal year, the City implemented Governmental Accounting Standards Board (GASB) Statements 63 and 65. GASB Statement number 65 requires an expense to be recognized in the period in which the cost to issue indebtedness was incurred. As a result of the implementation, the City wrote off unamortized bond issuance. This restatement of beginning net position is summarized below:

	Enterprise Fund	
	Water and Sewer Fund	
Net Position at 7/1/2012, as previously reported	$	9,613,339
Unamortized Bond Issuance Costs Expensed		(20,252)
Net Position at 7/1/2012 as restated	$	9,593,087

Note 20-Upcoming Pronouncements:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The City has not determined the impact of this pronouncement on its financial statements.

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, 2013

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
General property taxes	$ 7,137,655	$ 7,137,655	$ 7,534,723	$ 397,068
Other local taxes	3,536,084	3,536,084	3,840,940	304,856
Permits, privilege fees, and regulatory licenses	35,750	35,750	40,213	4,463
Fines and forfeitures	230,500	238,092	302,330	64,238
Revenue from the use of money and property	159,478	159,478	158,348	(1,130)
Charges for services	653,680	653,680	830,867	177,187
Miscellaneous	2,385,779	2,407,591	2,406,068	(1,523)
Recovered costs	2,500	2,500	10,364	7,864
Intergovernmental revenues:				
Commonwealth	4,406,877	4,349,444	4,401,904	52,460
Federal	776,394	776,394	672,309	(104,085)
Total revenues	$ 19,324,697	$ 19,296,668	$ 20,198,066	$ 901,398
EXPENDITURES				
Current:				
General government administration	$ 2,244,849	$ 2,274,319	$ 2,290,530	$ (16,211)
Judicial administration	1,141,162	1,171,209	1,169,552	1,657
Public safety	5,077,004	6,147,103	6,145,538	1,565
Public works	850,870	829,024	826,230	2,794
Health and welfare	2,697,993	2,653,337	2,653,340	(3)
Education	5,598,247	5,591,197	5,273,296	317,901
Parks, recreation, and cultural	1,908,511	2,149,705	2,148,733	972
Community development	449,988	459,408	455,984	3,424
Nondepartmental	-	-	33,375	(33,375)
Debt service:				
Principal retirement	983,150	1,032,942	1,043,312	(10,370)
Interest and other fiscal charges	940,838	946,203	961,450	(15,247)
Total expenditures	$ 21,892,612	$ 23,254,447	$ 23,001,340	$ 253,107
Excess (deficiency) of revenues over (under) expenditures	$ (2,567,915)	$ (3,957,779)	$ (2,803,274)	$ 1,154,505
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 3,273,134	$ 3,611,857	$ 3,611,857	$ -
Transfers out	(105,219)	(118,786)	(1,434,741)	(1,315,955)
Proceeds of bond issuance	-	-	1,385,906	1,385,906
Debt service - current refunding - principal	-	-	(66,769)	(66,769)
Sale of capital assets	-	-	1,500	1,500
Total other financing sources (uses)	$ 3,167,915	$ 3,493,071	$ 3,497,753	$ 4,682
Net change in fund balances	$ 600,000	$ (464,708)	$ 694,479	$ 1,159,187
Fund balances - beginning	400,000	445,822	5,677,900	5,232,078
Fund balances - ending	$ 1,000,000	$ (18,886)	$ 6,372,379	$ 6,391,265

Note: GAAP serves as the budgetary basis of accounting

Exhibit 12

City of Radford, Virginia

Schedule of Pension and OPEB Funding Progress
For the Year Ended June 30, 2013

Primary Government: City Retirement Plan

Actuarial Valuation as of	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)
6/30/2012	$ 32,560,966	$ 45,523,925	$ 12,962,959	71.52%	$ 8,243,800	157.24%
6/30/2011	33,135,088	43,831,544	10,696,456	75.60%	8,516,287	125.60%
6/30/2010	32,921,457	41,880,630	8,959,173	78.61%	8,524,036	105.10%

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)
6/30/2012	$ -	$ 309,429	$ 309,429	0.00%	$ 2,011,984	15.38%
6/30/2011	-	367,844	367,844	0.00%	1,953,383	18.83%
6/30/2009	-	336,403	336,403	0.00%	2,340,250	14.37%

Other Supplementary Information

Exhibit 13

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, 2013

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 3,533	$ 3,533
Commonwealth	-	2,364,201	-	(2,364,201)
Federal	-	500,000	-	(500,000)
Total revenues	$ -	$ 2,864,201	$ 3,533	$ (2,860,668)
EXPENDITURES				
Capital projects	$ 237,326	$ 6,071,050	$ 1,089,854	$ 4,981,196
Debt service:				
Bond issuance costs	-	92,527	76,395	16,132
Interest and other fiscal charges	-	42,055	42,055	-
Total expenditures	$ 237,326	$ 6,205,632	$ 1,208,304	$ 4,997,328
Excess (deficiency) of revenues over (under) expenditures	$ (237,326)	$ (3,341,431)	$ (1,204,771)	$ 2,136,660
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 580,773	$ 580,773	$ -
Transfers out	-	(619,156)	(619,156)	-
Issuance of bonds	-	3,066,205	3,069,643	3,438
Total other financing sources (uses)	$ -	$ 3,027,822	$ 3,031,260	$ 3,438
Net change in fund balances	$ (237,326)	$ (313,609)	$ 1,826,489	$ 2,140,098
Fund balances - beginning	237,326	523,422	983,100	459,678
Fund balances - ending	$ -	$ 209,813	$ 2,809,589	$ 2,599,776

Exhibit 14

City of Radford, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds			
	Grants Fund	Highway Maintenance Fund	Transit Fund	Total
ASSETS				
Cash and cash equivalents	$ -	$ 829,615	$ -	$ 829,615
Receivables (net of allowance for uncollectibles)				
Accounts receivable	-	67,675	54,246	121,921
Due from other governmental units	73,373	-	132,449	205,822
Prepaid items	1,396	11,368	-	12,764
Total assets	$ 74,769	$ 908,658	$ 186,695	$ 1,170,122
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 36,324	$ 289,463	$ 69,336	$ 395,123
Accrued wages payable	3,636	30,562	-	34,198
Accrued vacation and sick pay	-	11,152	-	11,152
Due to other funds		99,820	-	99,820
Reconciled overdraft	44,524	-	32,575	77,099
Total liabilities	$ 84,484	$ 430,997	$ 101,911	$ 617,392
Fund balances:				
Nonspendable	$ 1,396	$ 11,368	$ -	$ 12,764
Committed	-	466,293	84,784	551,077
Unassigned	(11,111)	-	-	(11,111)
Total fund balances	$ (9,715)	$ 477,661	$ 84,784	$ 552,730
Total liabilities and fund balances	$ 74,769	$ 908,658	$ 186,695	$ 1,170,122

Exhibit 15

City of Radford, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds			
	Grants Fund	Highway Maintenance Fund	Transit Fund	Total
REVENUES				
Revenue from the use of money and property	$ -	$ 140	$ -	$ 140
Charges for services	-	34,515	19,257	53,772
Miscellaneous	1,429	-	286,567	287,996
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Commonwealth	214,528	2,023,877	398,672	2,637,077
Federal	237,901	12,515	961,603	1,212,019
Total revenues	$ 453,858	$ 2,071,047	$ 1,666,099	$ 4,191,004
EXPENDITURES				
Current:				
Public safety	$ 261,004	$ -	$ -	$ 261,004
Public works	7,179	1,907,717	-	1,914,896
Health and welfare	3,033	-	-	3,033
Community development	212,024	-	1,677,620	1,889,644
Debt service:				
Principal retirement	24,000	-	-	24,000
Interest and other fiscal charges	7,529	-	-	7,529
Total expenditures	$ 514,769	$ 1,907,717	$ 1,677,620	$ 4,100,106
Excess (deficiency) of revenues over (under) expenditures	$ (60,911)	$ 163,330	$ (11,521)	$ 90,898
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 13,567	$ 5,059	$ 105,219	$ 123,845
Transfers out	(33,086)	(15,000)	-	(48,086)
Total other financing sources (uses)	$ (19,519)	$ (9,941)	$ 105,219	$ 75,759
Net change in fund balances	$ (80,430)	$ 153,389	$ 93,698	$ 166,657
Fund balances - beginning	70,715	324,272	(8,914)	386,073
Fund balances - ending	$ (9,715)	$ 477,661	$ 84,784	$ 552,730

Exhibit 16

City of Radford, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013

	Grants Fund				Highway Maintenance Fund				Transit Fund			
	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)	Original	Final	Actual	(Negative)
REVENUES												
Revenue from the use of money and property	$ -	$ -	$ -	$ -	$ 50	$ 50	$ 140	$ 90	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	34,200	34,200	34,515	315	24,500	24,500	19,257	(5,243)
Miscellaneous	-	10,000	1,429	(8,571)	-	-	-	-	419,987	419,987	286,567	(133,420)
Intergovernmental revenues:												
Commonwealth	-	242,641	214,528	(28,113)	1,982,755	1,982,755	2,023,877	41,122	174,999	174,999	398,672	223,673
Federal	217,725	362,799	237,901	(124,898)	-	-	12,515	12,515	1,312,704	1,312,704	961,603	(351,101)
Total revenues	$ 217,725	$ 615,440	$ 453,858	$ (161,582)	$ 2,017,005	$ 2,017,005	$ 2,071,047	$ 54,042	$ 1,932,190	$ 1,932,190	$ 1,666,099	$ (266,091)
EXPENDITURES												
Current:												
Public safety	$ 54,305	$ 286,786	$ 261,004	$ 25,782	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Public works	-	7,216	7,179	37	1,990,576	2,007,464	1,907,717	99,747	-	-	-	-
Health and welfare	1,994	1,994	3,033	(1,039)	-	-	-	-	-	-	-	-
Community development	163,823	353,240	212,024	141,216	-	-	-	-	2,037,409	2,515,010	1,677,620	837,390
Debt service:												
Principal retirement	-	24,000	24,000	-	-	-	-	-	-	-	-	-
Interest and other fiscal charges	-	4,000	7,529	(3,529)	-	-	-	-	-	-	-	-
Total expenditures	$ 220,122	$ 677,236	$ 514,769	$ 162,467	$ 1,990,576	$ 2,007,464	$ 1,907,717	$ 99,747	$ 2,037,409	$ 2,515,010	$ 1,677,620	$ 837,390
Excess (deficiency) of revenues over (under) expenditures	$ (2,397)	$ (61,796)	$ (60,911)	$ 885	$ 26,429	$ 9,541	$ 163,330	$ 153,789	$ (105,219)	$ (582,820)	$ (11,521)	$ 571,299
OTHER FINANCING SOURCES (USES)												
Transfers in	$ -	$ 13,567	$ 13,567	$ -	$ -	$ 5,059	$ 5,059	$ -	$ 105,219	$ 105,219	$ 105,219	$ -
Transfers out	-	(33,086)	(33,086)	-	(26,429)	(15,000)	(15,000)	-	-	-	-	-
Total other financing sources (uses)	$ -	$ (19,519)	$ (19,519)	$ -	$ (26,429)	$ (9,941)	$ (9,941)	$ -	$ 105,219	$ 105,219	$ 105,219	$ -
Net change in fund balances	$ (2,397)	$ (81,315)	$ (80,430)	$ 885	$ -	$ (400)	$ 153,389	$ 153,789	$ -	$ (477,601)	$ 93,698	$ 571,299
Fund balances - beginning	2,397	81,315	70,715	(10,600)	-	400	324,272	323,872	-	477,601	(8,914)	(486,515)
Fund balances - ending	$ -	$ -	$ (9,715)	$ (9,715)	$ -	$ -	$ 477,661	$ 477,661	$ -	$ -	$ 84,784	$ 84,784

FIDUCIARY FUNDS – AGENCY FUNDS

Agency Funds – The City acts as an agent for the Special Welfare Fund and CSA Regional Administrative Fund of the City of Radford Social Services Department. The City also acts as the fiscal agent for the Highlander Festival organizers.

Exhibit 17

City of Radford, Virginia
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013

	Agency Funds			
	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
ASSETS				
Cash and cash equivalents:				
Special Welfare Fund	$ 9,221	$ 46,409	$ 48,258	$ 7,372
Highlander Festival	7,839	28,920	26,580	10,179
CSA Regional Program	21,355	10,075	3,358	28,072
Total assets	$ 38,415	$ 85,404	$ 78,196	$ 45,623
LIABILITIES				
Amounts held for others:				
Social services clients	$ 9,221	$ 46,409	$ 48,258	$ 7,372
Highlander Festival	7,839	28,920	26,580	10,179
CSA Regional Program	21,355	10,075	3,358	28,072
Total liabilities	$ 38,415	$ 85,404	$ 78,196	$ 45,623

Supporting Schedules

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

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	$ 5,931,155	$ 5,931,155	$ 5,924,346	$ (6,809)
Real and personal public service corporation taxes	175,000	175,000	205,784	30,784
Personal property taxes	530,000	530,000	656,843	126,843
Mobile home taxes	3,500	3,500	3,685	185
Machinery and tools taxes	188,000	188,000	292,380	104,380
Furniture and fixtures	235,000	235,000	354,429	119,429
Penalties and interest	75,000	75,000	97,256	22,256
Total general property taxes	$ 7,137,655	$ 7,137,655	$ 7,534,723	$ 397,068
Other local taxes:				
Local sales and use taxes	$ 890,000	$ 890,000	$ 974,844	$ 84,844
Consumers' utility taxes	540,084	540,084	575,931	35,847
Tobacco tax	67,000	67,000	70,847	3,847
Business license taxes	415,000	415,000	492,114	77,114
Franchise license tax	50,000	50,000	38,472	(11,528)
Motor vehicle licenses	205,000	205,000	198,060	(6,940)
Bank stock taxes	157,000	157,000	164,368	7,368
Taxes on recordation and wills	85,000	85,000	131,162	46,162
Hotel and motel room taxes	165,000	165,000	171,137	6,137
Restaurant food taxes	962,000	962,000	1,024,005	62,005
Total other local taxes	$ 3,536,084	$ 3,536,084	$ 3,840,940	$ 304,856
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 3,800	$ 3,800	$ 3,337	$ (463)
Transfer fees	250	250	318	68
Zoning fees	1,000	1,000	1,600	600
Permits and other licenses	30,700	30,700	34,958	4,258
Total permits, privilege fees, and regulatory licenses	$ 35,750	$ 35,750	$ 40,213	$ 4,463
Fines and forfeitures:				
Court fines and forfeitures	$ 230,500	$ 238,092	$ 302,330	$ 64,238
Revenue from use of money and property:				
Revenue from use of money	$ 2,500	$ 2,500	$ 3,490	$ 990
Revenue from use of property	156,978	156,978	154,858	(2,120)
Total revenue from use of money and property	$ 159,478	$ 159,478	$ 158,348	$ (1,130)

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

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:				
Charges for law enforcement and traffic control	$ 26,425	$ 26,425	$ 20,583	$ (5,842)
Charges for courthouse maintenance	6,000	6,000	6,686	686
Charges for courtroom security	32,000	32,000	36,998	4,998
Charges for Collection fees	45,835	45,835	44,921	(914)
Miscellaneous jail and inmate fees	4,300	4,300	5,329	1,029
Charges for Commonwealth's Attorney	2,500	2,500	2,761	261
Charges for rescue services	370,000	370,000	549,731	179,731
Animal protection services	1,600	1,600	3,115	1,515
Charges for parks and recreation	93,270	93,270	83,486	(9,784)
Bus tickets	26,500	26,500	23,942	(2,558)
Charges for DMV Registrations	16,000	16,000	23,529	7,529
Other charges for services	8,225	8,225	10,750	2,525
Charges for law library	3,500	3,500	2,830	(670)
Charges for library	17,525	17,525	16,206	(1,319)
Total charges for services	$ 653,680	$ 653,680	$ 830,867	$ 177,187
Miscellaneous revenue:				
Miscellaneous	$ 9,025	$ 29,612	$ 30,341	$ 729
Revenue sharing payments - Montgomery	145,000	145,000	160,296	15,296
Revenue sharing payments - Pulaski	65,000	65,000	63,766	(1,234)
Gifts and donations	71,500	72,725	63,556	(9,169)
Payments in lieu of taxes	2,095,254	2,095,254	2,088,109	(7,145)
Total miscellaneous revenue	$ 2,385,779	$ 2,407,591	$ 2,406,068	$ (1,523)
Recovered costs:				
Insurance recoveries	$ 2,500	$ 2,500	$ 10,364	$ 7,864
Total recovered costs	$ 2,500	$ 2,500	$ 10,364	$ 7,864
Total revenue from local sources	$ 14,141,426	$ 14,170,830	$ 15,123,853	$ 953,023

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling Stock Tax	$ 22,000	$ 20,959	$ 24,916	$ 3,957
Mobile home titling tax	1,040	1,040	3,026	1,986
Motor vehicle rental tax	45,600	45,600	39,869	(5,731)
Communications tax	750,000	750,000	763,573	13,573
State tax on deeds	23,500	22,199	36,461	14,262
Personal property tax relief funds	625,657	625,657	625,657	-
Total noncategorical aid	$ 1,467,797	$ 1,465,455	$ 1,493,502	$ 28,047
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 237,072	$ 237,072	$ 241,636	$ 4,564
Sheriff	276,234	266,861	282,727	15,866
Commissioner of revenue	71,570	71,148	66,016	(5,132)
Treasurer	81,676	81,074	78,558	(2,516)
Registrar/electoral board	38,385	41,722	40,212	(1,510)
Clerk of the Circuit Court	179,382	175,522	184,683	9,161
Reduction in state aid	-	-	(69,088)	(69,088)
Total shared expenses	$ 884,319	$ 873,399	$ 824,744	$ (48,655)
Other categorical aid:				
Public assistance and welfare administration	$ 635,231	$ 635,231	$ 557,547	$ (77,684)
Comprehensive services act	696,939	681,517	727,525	46,008
Assistance to local police departments	442,734	420,943	468,832	47,889
VHDA funds	41,000	41,000	38,982	(2,018)
VJCCA funds	10,200	9,726	10,199	473
Library grant	139,493	133,009	139,493	6,484
Wireless E-911 payment state grant	40,000	40,000	38,076	(1,924)
Emergency services funds	30,000	30,000	41,474	11,474
Disaster relief	-	-	5,304	5,304
Spay and Neuter Grant	40	40	19	(21)
Fire program	10,124	10,124	46,797	36,673
4-for-life funds	9,000	9,000	9,410	410
Total other categorical aid	$ 2,054,761	$ 2,010,590	$ 2,083,658	$ 73,068
Total categorical aid	$ 2,939,080	$ 2,883,989	$ 2,908,402	$ 24,413
Total revenue from the Commonwealth	$ 4,406,877	$ 4,349,444	$ 4,401,904	$ 52,460

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	$ 776,394	$ 776,394	$ 652,418	$ (123,976)
Disaster relief	-	-	19,891	19,891
Total categorical aid	$ 776,394	$ 776,394	$ 672,309	$ (104,085)
Total revenue from the federal government	$ 776,394	$ 776,394	$ 672,309	$ (104,085)
Total General Fund	$ 19,324,697	$ 19,296,668	$ 20,198,066	$ 901,398
Special Revenue Funds:				
Grants Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	$ -	$ -	$ 1,429	$ 1,429
USTA grant	-	10,000	-	(10,000)
Total miscellaneous revenue	$ -	$ 10,000	$ 1,429	$ (8,571)
Total revenue from local sources	$ -	$ 10,000	$ 1,429	$ (8,571)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Crime victim assistance	$ -	$ 84,194	$ 84,194	$ -
Litter control	-	7,216	7,216	-
Brownfield restoration/economic development grant	-	50,000	25,000	(25,000)
Wireless E-911 Funding	-	101,231	98,118	(3,113)
Total categorical aid	$ -	$ 242,641	$ 214,528	$ (28,113)
Total revenue from the Commonwealth	$ -	$ 242,641	$ 214,528	$ (28,113)

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Grants Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Hud entitlement grants	$ 163,823	$ 269,114	$ 162,953	$ (106,161)
Safe neighborhood grant	53,598	53,598	50,409	(3,189)
Edward Byrne Law Enforcement Grant	-	6,033	-	(6,033)
State Homeland Security Program	304	28,304	19,708	(8,596)
State and community highway safety	-	5,750	4,831	(919)
Total categorical aid	$ 217,725	$ 362,799	$ 237,901	$ (124,898)
Total revenue from the federal government	$ 217,725	$ 362,799	$ 237,901	$ (124,898)
Total Grants Fund	$ 217,725	$ 615,440	$ 453,858	$ (161,582)
Highway Maintenance Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ 50	$ 50	$ 140	$ 90
Charges for services:				
Charges for street maintenance	$ 1,200	$ 1,200	$ 600	$ (600)
Right of way fees	33,000	33,000	33,915	915
Total charges for services	$ 34,200	$ 34,200	$ 34,515	$ 315
Total revenue from local sources	$ 34,250	$ 34,250	$ 34,655	$ 405
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Highway maintenance funds	$ 1,982,755	$ 1,982,755	$ 2,020,540	$ 37,785
Other categorical aid	-	-	3,337	3,337
Total categorical aid	$ 1,982,755	$ 1,982,755	$ 2,023,877	$ 41,122
Total revenue from the Commonwealth	$ 1,982,755	$ 1,982,755	$ 2,023,877	$ 41,122

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Highway Maintenance Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Disaster relief	$ -	$ -	$ 12,515	$ 12,515
Total categorical aid	-	$ -	12,515	12,515
Total revenue from the federal government	$ -	$ -	$ 12,515	$ 12,515
Total Highway Maintenance Fund	$ 2,017,005	$ 2,017,005	$ 2,071,047	$ 54,042
Transit Fund				
Revenue from local sources:				
Charges for services:				
Fares	$ 24,500	$ 24,500	$ 19,257	$ (5,243)
Miscellaneous revenue:				
Contributions from Radford University	$ 419,987	$ 419,987	$ 286,567	$ (133,420)
Total revenue from local sources	$ 444,487	$ 444,487	$ 305,824	$ (138,663)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
State transit funds	$ 174,999	$ 174,999	$ 398,672	$ 223,673
Total revenue from the Commonwealth	$ 174,999	$ 174,999	$ 398,672	$ 223,673
Revenue from the federal government:				
Categorical aid:				
Formula grants for other than urbanized areas	$ 1,312,704	$ 1,312,704	$ 961,603	$ (351,101)
Total revenue from the federal government	$ 1,312,704	$ 1,312,704	$ 961,603	$ (351,101)
Total Transit Fund	$ 1,932,190	$ 1,932,190	$ 1,666,099	$ (266,091)

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
City Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 3,533	$ 3,533
Total revenue from use of money and property	$ -	$ -	$ 3,533	$ 3,533
Total revenue from local sources	$ -	$ -	$ 3,533	$ 3,533
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Grants	$ -	$ 2,364,201	$ -	$ (2,364,201)
Total categorical aid	$ -	$ 2,364,201	$ -	$ (2,364,201)
Total revenue from the Commonwealth	$ -	$ 2,364,201	$ -	$ (2,364,201)
Revenue from the federal government:				
Categorical aid:				
American recovery grant	$ -	$ -	$ -	$ -
Safe routes to schools	-	500,000	-	(500,000)
Total categorical aid	$ -	$ 500,000	$ -	$ (500,000)
Total revenue from the federal government	$ -	$ 500,000	$ -	$ (500,000)
Total City Capital Projects Fund	$ -	$ 2,864,201	$ 3,533	$ (2,860,668)
Total Primary Government	$ 23,491,617	$ 26,725,504	$ 24,392,603	$ (2,332,901)

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
City Council	$ 61,532	$ 53,916	$ 51,437	$ 2,479
General and financial administration:				
City Clerk	$ 17,224	$ 20,593	$ 20,591	$ 2
City Manager	255,176	252,074	248,188	3,886
Commissioner of revenue	172,494	170,690	170,152	538
Assessor	4,296	4,006	4,006	-
Billing and service	295,201	299,007	298,370	637
Treasurer	331,977	337,516	337,514	2
Legal services	89,000	124,741	149,182	(24,441)
Human resources	102,816	111,761	111,761	-
Independent auditor	38,880	39,600	39,600	-
Information technology	525,217	504,814	504,131	683
Finance	248,562	251,752	251,752	-
Total general and financial administration	$ 2,080,843	$ 2,116,554	$ 2,135,247	$ (18,693)
Board of elections:				
Electoral board and officials	$ 23,062	$ 17,342	$ 17,342	$ -
Registrar	79,412	86,507	86,504	3
Total board of elections	$ 102,474	$ 103,849	$ 103,846	$ 3
Total general government administration	$ 2,244,849	$ 2,274,319	$ 2,290,530	$ (16,211)
Judicial administration:				
Courts:				
Circuit court	$ 47,638	$ 57,337	$ 57,337	$ -
General district court	21,365	20,836	20,836	-
Sheriff	480,385	490,645	490,645	-
Law library	3,500	636	636	-
Clerk of the circuit court	277,543	285,264	283,607	1,657
Total courts	$ 830,431	$ 854,718	$ 853,061	$ 1,657
Commonwealth's attorney:				
Commonwealth's attorney	$ 310,731	$ 316,491	$ 316,491	$ -
Total judicial administration	$ 1,141,162	$ 1,171,209	$ 1,169,552	$ 1,657
Public safety:				
Law enforcement and traffic control:				
Police department	$ 2,125,488	$ 3,021,939	$ 3,021,388	$ 551

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	$ 799,743	$ 799,199	$ 798,504	$ 695
Ambulance and rescue services	677,204	770,830	770,830	-
Regional Hazmat Response	30,000	17,819	17,819	-
Total fire and rescue services	$ 1,506,947	$ 1,587,848	$ 1,587,153	$ 695
Correction and detention:				
Regional jail	$ 571,000	$ 714,670	$ 714,670	$ -
Juvenile corrections	49,919	52,314	52,239	75
Total correction and detention	$ 620,919	$ 766,984	$ 766,909	$ 75
Inspections:				
Building inspector	$ 100,473	$ 100,096	$ 99,896	$ 200
Code enforcement	66,706	67,569	67,569	-
Total inspections	$ 167,179	$ 167,665	$ 167,465	$ 200
Other protection:				
Animal control	$ 106,329	$ 105,787	$ 105,785	$ 2
Medical examiner	80	120	120	-
E-911 system	488,357	438,090	438,089	1
GIS mapping	61,705	58,670	58,629	41
Total other protection	$ 656,471	$ 602,667	$ 602,623	$ 44
Total public safety	$ 5,077,004	$ 6,147,103	$ 6,145,538	$ 1,565
Public works:				
Engineering:				
General Engineering	$ 168,501	$ 171,326	$ 171,325	$ 1
Maintenance of general buildings and grounds:				
General properties	$ 682,369	$ 657,698	$ 654,905	$ 2,793
Total public works	$ 850,870	$ 829,024	$ 826,230	$ 2,794
Health and welfare:				
Health:				
Supplement of local health department	$ 75,151	$ 76,719	$ 76,719	$ -
Mental health and mental retardation:				
Mental health services	$ 38,503	$ 38,503	$ 38,503	$ -
Health agencies	5,853	5,853	5,853	-
Total mental health and mental retardation	$ 44,356	$ 44,356	$ 44,356	$ -

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Welfare administration and programs	$ 1,538,127	$ 1,430,994	$ 1,430,997	$ (3)
Comprehensive services act	881,043	954,095	954,095	-
Property tax relief for the elderly	67,000	55,357	55,357	-
Social service agencies	92,316	91,816	91,816	-
Total welfare	$ 2,578,486	$ 2,532,262	$ 2,532,265	$ (3)
Total health and welfare	$ 2,697,993	$ 2,653,337	$ 2,653,340	$ (3)
Education:				
Other instructional costs:				
Contributions to community colleges	$ 6,408	$ 6,408	$ 6,408	$ -
School bus operations	62,839	54,989	54,989	-
Contribution to City School Board	5,529,000	5,529,800	5,211,899	317,901
Total education	$ 5,598,247	$ 5,591,197	$ 5,273,296	$ 317,901
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	$ 541,745	$ 543,545	$ 543,545	$ -
Maintenance of parks	188,533	198,161	197,762	399
Recreation center and playgrounds	448,043	655,747	655,177	570
Total parks and recreation	$ 1,178,321	$ 1,397,453	$ 1,396,484	$ 969
Cultural enrichment:				
Glencoe museum	$ 20,807	$ 21,655	$ 21,654	$ 1
Library:				
Library expenses	$ 709,383	$ 730,597	$ 730,595	$ 2
Total parks, recreation, and cultural	$ 1,908,511	$ 2,149,705	$ 2,148,733	$ 972
Community development:				
Planning and community development:				
Planning	$ 57,553	$ 61,175	$ 61,175	$ -
Community development	171,660	169,661	169,661	-
Zoning board	600	600	600	-
Tourism	79,969	84,461	81,039	3,422
Economic development	82,511	84,770	84,769	1
VHDA program	57,695	58,741	58,740	1
Total planning and community development	$ 449,988	$ 459,408	$ 455,984	$ 3,424
Total community development	$ 449,988	$ 459,408	$ 455,984	$ 3,424
Nondepartmental:				
Nondepartmental	$ -	$ -	$ 33,375	$ (33,375)
Total nondepartmental	$ -	$ -	$ 33,375	$ (33,375)

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	$ 983,150	$ 1,032,942	$ 1,043,312	$ (10,370)
Interest and other fiscal charges	940,838	946,203	961,450	(15,247)
Total debt service	$ 1,923,988	$ 1,979,145	$ 2,004,762	$ (25,617)
Total General Fund	$ 21,892,612	$ 23,254,447	$ 23,001,340	$ 253,107
Non Major Special Revenue Funds:				
Grants Fund:				
Public safety:				
Law enforcement and traffic control:				
Victim witness assistance	$ -	$ 86,486	$ 85,489	$ 997
Safe neighborhood grant	53,598	55,012	50,408	4,604
Impaired driver and speed enforcement	-	8,625	7,247	1,378
Police department	403	7,128	-	7,128
Communications	-	101,231	98,116	3,115
Total law enforcement and traffic control	$ 54,001	$ 258,482	$ 241,260	$ 17,222
Fire and rescue services:				
Fire department	$ 304	$ 28,304	$ 19,744	$ 8,560
Total public safety	$ 54,305	$ 286,786	$ 261,004	$ 25,782
Public Works:				
Maintenance of general buildings and grounds:				
Litter control	$ -	$ 7,216	$ 7,179	$ 37
Health and welfare:				
Welfare:				
Neighbor to neighbor program	$ 1,994	$ 1,994	$ 3,033	$ (1,039)

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Non Major Special Revenue Funds: (Continued)				
Grants Fund: (Continued)				
Community development:				
Planning and community development:				
Tourism	$ -	$ 20,000	$ 1,885	$ 18,115
Economic development	-	50,000	35,306	14,694
HUD grant expenditures	163,823	283,240	174,833	108,407
Total planning and community development	$ 163,823	$ 353,240	$ 212,024	$ 141,216
Total community development	$ 163,823	$ 353,240	$ 212,024	$ 141,216
Debt service:				
Principal retirement	$ -	$ 24,000	$ 24,000	$ -
Interest and other fiscal charges	-	4,000	7,529	(3,529)
Total debt service	$ -	$ 28,000	$ 31,529	$ (3,529)
Total Grants Fund	$ 220,122	$ 677,236	$ 514,769	$ 162,467
Highway Maintenance Fund:				
Public works:				
Maintenance of streets, highways and bridges:				
General administration	$ 152,520	$ 155,097	$ 151,226	$ 3,871
Highway maintenance and repairs - state	1,637,132	1,660,197	1,596,236	63,961
Highway maintenance and repairs - local	89,724	80,970	49,465	31,505
Street lights	67,000	67,000	71,122	(4,122)
Snow and ice removal	35,700	35,700	35,075	625
Storm drainage	8,500	8,500	4,593	3,907
Total maintenance of streets, highways, and bridges	$ 1,990,576	$ 2,007,464	$ 1,907,717	$ 99,747
Total Highway Maintenance Fund	$ 1,990,576	$ 2,007,464	$ 1,907,717	$ 99,747

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2013

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Non Major Special Revenue Funds: (Continued)				
Transit Fund:				
Community Development:				
Planning and community development:				
City transit service	$ 2,037,409	$ 2,515,010	$ 1,677,620	$ 837,390
Total Transit Fund	$ 2,037,409	$ 2,515,010	$ 1,677,620	$ 837,390
Capital Projects Fund:				
City Capital Projects Fund:				
Capital Projects:				
Accounting system	$ 28,458	$ 28,458	$ -	$ 28,458
Tyler Avenue landscaping	24,890	24,890	-	24,890
Second Avenue Improvements	-	5,795,824	887,187	4,908,637
Storm drainage projects	8,300	46,200	27,087	19,113
Multipurpose fields	175,678	175,678	175,580	98
Total capital projects	$ 237,326	$ 6,071,050	$ 1,089,854	$ 4,981,196
Debt service:				
Interest and other fiscal charges	$ -	$ 42,055	$ 42,055	$ -
Bond issuance costs	-	92,527	76,395	16,132
Total debt service	$ -	$ 134,582	$ 118,450	$ 16,132
Total Capital Projects Fund	$ 237,326	$ 6,205,632	$ 1,208,304	$ 4,997,328
Total Primary Government	$ 26,378,045	$ 34,659,789	$ 28,309,750	$ 6,350,039

Statistical Information

Statistical Section

This part of the annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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Financial Trends

These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time. 85

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. 93

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future. 97

Sources: Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2004; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Governmental activities										
Net Invesment in capital assets	$ 43,807,253	$ 44,663,347	$ 43,781,921	$ 42,433,941	$ 41,450,815	$ 41,059,783	$ 41,472,798	$ 40,402,563	$ 39,986,063	$ 36,147,315
Restricted	-	-	1,685,598	1,009,830	1,062,107	3,661,446	509,733	615,847	644,276	2,812,037
Unrestricted	8,692,182	7,336,310	6,883,870	7,065,810	7,815,581	7,150,443	6,210,599	6,364,767	6,461,353	6,752,167
Total governmental activities net position	$ 52,499,435	$ 51,999,657	$ 52,351,389	$ 50,509,581	$ 50,328,503	$ 51,871,672	$ 48,193,130	$ 47,383,177	$ 47,091,692	$ 45,711,519
Business-type activities										
Net Invesment in capital assets	$ 14,720,065	$ 14,728,216	$ 16,175,798	$ 16,843,671	$ 16,103,927	$ 15,087,089	$ 15,534,890	$ 15,089,859	$ 14,568,531	$ 15,761,624
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	15,962,103	14,300,902	12,029,539	11,584,577	10,019,591	8,487,728	7,354,066	8,013,733	8,866,605	11,463,147
Total business-type activities net position	$ 30,682,168	$ 29,029,118	$ 28,205,337	$ 28,428,248	$ 26,123,518	$ 23,574,817	$ 22,888,956	$ 23,103,592	$ 23,435,136	$ 27,224,771
Primary government										
Net Invesment in capital assets	$ 58,527,318	$ 59,391,563	$ 59,957,719	$ 59,277,612	$ 57,554,742	$ 56,146,872	$ 57,007,688	$ 55,492,422	$ 54,554,594	$ 51,908,939
Restricted	-	-	1,685,598	1,009,830	1,062,107	3,661,446	509,733	615,847	644,276	2,812,037
Unrestricted	24,654,285	21,637,212	18,913,409	18,650,387	17,835,172	15,638,171	13,564,665	14,378,500	15,327,958	18,215,314
Total primary government net position	$ 83,181,603	$ 81,028,775	$ 80,556,726	$ 78,937,829	$ 76,452,021	$ 75,446,489	$ 71,082,086	$ 70,486,769	$ 70,526,828	$ 72,936,290

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government administration	$ 1,372,022	$ 1,623,166	$ 1,945,248	$ 2,360,446	$ 2,318,049	$ 2,378,072	$ 2,288,017	$ 2,114,955	$ 2,257,781	$ 2,478,062
Judicial administration	973,938	1,075,179	573,620	644,504	633,173	1,183,737	1,155,145	1,108,911	1,112,641	1,182,752
Public safety	4,680,184	4,742,489	5,520,190	5,991,991	6,173,244	5,930,185	6,387,807	6,244,619	6,338,892	6,807,173
Public works	4,315,976	4,153,349	3,961,164	4,084,908	4,137,294	4,055,643	3,319,506	3,316,104	3,583,272	3,509,880
Health and welfare	1,847,742	1,777,103	1,882,803	1,970,492	1,944,040	2,025,890	2,291,061	2,269,438	2,501,597	2,662,252
Education	5,551,742	5,180,623	5,407,165	5,202,606	4,545,629	5,226,904	8,334,559	4,812,897	5,357,984	5,753,106
Parks, recreation and cultural	1,756,193	1,798,586	1,633,402	1,994,060	2,065,662	2,155,156	2,163,466	2,012,187	2,170,790	2,331,432
Community development	521,674	624,028	682,569	409,533	633,057	691,360	669,451	1,606,945	1,739,173	1,964,126
Nondepartmental	-	-	-	-	-	-	-	-	-	33,375
Interest on long-term debt	124,503	150,448	146,425	147,438	329,475	274,934	771,041	883,852	955,544	1,082,407
Total governmental activities expenses	$ 21,143,974	$ 21,124,971	$ 21,752,586	$ 22,805,978	$ 22,779,623	$ 23,921,881	$ 27,380,053	$ 24,369,908	$ 26,017,674	$ 27,804,565
Business-type activities:										
Water, sewer and electric	$ 17,674,579	$ 18,006,466	$ 23,263,810	$ 22,812,759	$ 25,218,048	$ 23,105,211	$ 22,800,818	$ 24,881,044	$ 27,590,819	$ 29,035,126
Total primary government expenses	$ 38,818,553	$ 39,131,437	$ 45,016,396	$ 45,618,737	$ 47,997,671	$ 47,027,092	$ 50,180,871	$ 49,250,952	$ 53,608,493	$ 56,839,691
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 1,058,798	$ 1,329,804	$ 7,177	$ 58,932	$ 48,451	$ 22,399	$ 18,747	$ 21,622	$ 25,925	$ 34,279
Judicial administration	-	-	222,413	260,657	285,218	344,345	250,380	276,672	341,451	361,125
Public safety	94,082	120,966	221,980	100,777	192,931	81,143	518,563	465,363	547,947	661,947
Public works	-	-	64,424	39,898	81,847	53,824	91,946	39,030	175,440	41,201
Parks, recreation and cultural	-	-	130,180	121,197	96,481	132,350	121,802	109,586	122,932	126,685
Community development	-	-	-	7,029	-	-	-	-	-	-
Operating grants and contributions	5,892,877	4,886,597	5,606,816	5,223,351	5,427,508	5,610,577	5,964,394	6,333,219	6,999,638	7,429,807
Capital grants and contributions	16,481,772	-	70,000	-	-	1,573,485	-	-	-	-
Total governmental activities program revenues	$ 23,527,529	$ 6,337,367	$ 6,322,990	$ 5,811,841	$ 6,132,436	$ 7,818,123	$ 6,965,832	$ 7,245,492	$ 8,213,333	$ 8,655,044
Business-type activities:										
Charges for services:										
Water, sewer and electric	$ 19,659,884	$ 18,632,716	$ 24,096,263	$ 24,560,742	$ 25,415,487	$ 23,975,402	$ 24,164,804	$ 26,369,886	$ 30,132,722	$ 34,866,609
Operating grants and contributions	58,350	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	24,000	-	-	302,236	548,025	51,285	165,859
Total business-type activities program revenues	$ 19,718,234	$ 18,632,716	$ 24,096,263	$ 24,584,742	$ 25,415,487	$ 23,975,402	$ 24,467,040	$ 26,917,911	$ 30,184,007	$ 35,032,468
Total primary government program revenues	$ 43,245,763	$ 24,970,083	$ 30,419,253	$ 30,396,583	$ 31,547,923	$ 31,793,525	$ 31,432,872	$ 34,163,403	$ 38,397,340	$ 43,687,512
Net (expense) / revenue										
Governmental activities	$ 2,383,555	$ (14,787,604)	$ (15,429,596)	$ (16,994,137)	$ (16,647,187)	$ (16,103,758)	$ (20,414,221)	$ (17,124,416)	$ (17,804,341)	$ (19,149,521)
Business-type activities	2,043,655	626,250	832,453	1,771,983	197,439	870,191	1,666,222	2,036,867	2,593,188	5,997,342
Total primary government net (expense)/revenue	$ 4,427,210	$ (14,161,354)	$ (14,597,143)	$ (15,222,154)	$ (16,449,748)	$ (15,233,567)	$ (18,747,999)	$ (15,087,549)	$ (15,211,153)	$ (13,152,179)

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 6,174,376	$ 6,408,134	$ 6,430,299	$ 6,314,847	$ 6,449,758	$ 7,062,754	$ 7,234,689	$ 7,329,530	$ 7,317,561	$ 7,351,581
Local sales and use taxes	750,107	813,065	965,875	975,485	556,671	868,943	831,986	873,384	900,741	974,844
Restaurant food taxes	672,466	735,982	793,819	817,395	875,065	884,160	891,213	952,416	988,171	1,024,005
Motor vehicle taxes	169,959	174,864	175,151	175,935	9,165	178,489	185,808	196,726	197,397	198,060
Consumers' utility taxes	1,010,437	1,012,815	945,106	774,046	577,377	553,552	556,629	560,347	533,966	575,931
Communications taxes	-	-	-	-	856,242	777,974	-	-	-	-
Business license taxes	327,250	351,235	374,131	381,208	403,624	423,557	398,683	414,298	458,918	492,114
Other local taxes	834,807	1,085,415	950,047	1,094,144	528,469	548,750	473,263	538,664	533,836	575,986
Payments in lieu of taxes	1,658,840	2,005,827	1,509,949	1,849,123	1,785,303	1,843,822	1,765,114	1,688,205	2,005,015	
Unrestricted grants and contributions	696,841	717,899	761,835	734,481	679,593	685,764	1,465,078	1,500,937	1,459,745	1,493,502
Unrestricted revenues from use of money and property	163,184	261,285	391,265	525,636	682,758	460,751	143,927	150,447	153,680	162,021
Miscellaneous	135,615	152,875	267,854	253,721	299,910	411,416	304,016	284,625	700,640	2,694,064
Gain (Loss) on disposal of capital assets	-	-	(5,985)	-	(17,429)	7,660	127,883	2,050	-	(3,729)
Transfers	1,264,734	2,452,773	2,131,814	2,113,763	2,779,603	2,939,335	2,357,390	1,822,834	2,263,187	2,230,969
Total governmental activities	$ 13,858,616	$ 16,172,169	$ 15,691,160	$ 16,009,784	$ 16,466,109	$ 17,646,927	$ 16,735,679	$ 16,314,463	$ 17,512,857	$ 17,769,348
Business-type activities:										
Unrestricted revenues from use of money and property	$ 85,238	$ 173,473	$ 475,580	$ 564,691	$ 277,434	$ 75,504	$ 5,307	$ 603	$ 1,543	$ 13,218
Special items	-	-	-	-	-	(555,061)	-	-	-	-
Gain (Loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	30,296
Transfers	(1,264,734)	(2,452,773)	(2,131,814)	(2,113,763)	(2,779,603)	(2,939,335)	(2,357,390)	(1,822,834)	(2,263,187)	(2,230,969)
Total business-type activities	$ (1,179,496)	$ (2,279,300)	$ (1,656,234)	$ (1,549,072)	$ (2,502,169)	$ (3,418,892)	$ (2,352,083)	$ (1,822,231)	$ (2,261,644)	$ (2,187,455)
Total primary government	$ 12,679,120	$ 13,892,869	$ 14,034,926	$ 14,460,712	$ 13,963,940	$ 14,228,035	$ 14,383,596	$ 14,492,232	$ 15,251,213	$ 15,581,893
Change in Net Position										
Governmental activities	$ 16,242,171	$ 1,384,565	$ 261,564	$ (984,353)	$ (181,078)	$ 1,543,169	$ (3,678,542)	$ (809,953)	$ (291,484)	$ (1,380,173)
Business-type activities	864,159	(1,653,050)	(823,781)	222,911	(2,304,730)	(2,548,701)	(685,861)	214,636	331,544	3,809,887
Total primary government	$ 17,106,330	$ (268,485)	$ (562,217)	$ (761,442)	$ (2,485,808)	$ (1,005,532)	$ (4,364,403)	$ (595,317)	$ 40,060	$ 2,429,714

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
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
2006	6,430,299	965,875	945,106	175,151	793,819	374,131	950,047	10,634,428
2005	6,408,134	813,065	1,012,815	174,864	735,982	351,235	1,085,415	10,581,510
2004	6,174,376	750,107	1,010,437	169,959	672,466	327,250	834,807	9,939,402

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.

Table 4

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 201,236	$ 136,611	$ 117,376
Restricted/Reserved	1,090,171	745,993	995,721	951,942	942,554	315,938	474,302	580,416	608,845	671,636
Committed	-	-	-	-	-	-	-	2,201,052	2,296,667	2,256,764
Unassigned/Unreserved	2,804,426	4,043,768	5,127,134	5,044,842	5,871,156	5,548,378	5,008,887	2,512,517	2,635,777	3,326,403
Total general fund	$ 3,894,597	$ 4,789,761	$ 6,122,855	$ 5,996,784	$ 6,813,710	$ 5,864,316	$ 5,483,189	$ 5,495,221	$ 5,677,900	$ 6,372,179
All other governmental funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,725	$ 12,437	$ 12,764
Restricted/Reserved	1,996,941	1,118,193	689,877	57,888	14,832,676	3,345,508	35,431	35,431	35,431	2,140,401
Committed	-	-	-	-	-	-	-	1,281,492	1,330,219	1,220,265
Unreserved/Unassigned, reported in:										
Special revenue funds	680,842	714,686	403,544	712,425	161,187	380,649	405,161	-	(8,914)	(11,111)
Capital projects funds	1,062,093	1,514,872	1,299,892	1,321,000	995,198	1,462,206	930,892	-	-	-
Total all other governmental funds	$ 3,739,876	$ 3,347,751	$ 2,393,313	$ 2,091,313	$ 15,989,061	$ 5,188,363	$ 1,371,484	$ 1,333,648	$ 1,369,173	$ 3,362,319

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									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Revenues										
General property taxes	$ 6,077,108	$ 6,259,607	$ 6,286,313	$ 6,348,319	$ 6,412,871	$ 7,012,100	$ 7,141,132	$ 7,017,704	$ 7,426,519	$ 7,534,523
Other local taxes	3,765,026	4,173,376	4,204,129	4,218,213	3,806,613	4,235,425	3,337,582	3,535,835	3,613,029	3,840,940
Permits, privilege fees and regulatory licenses	18,669	16,706	35,670	52,901	36,706	20,985	37,917	35,757	41,599	40,213
Fines and forfeitures	94,082	120,966	214,933	255,274	279,394	261,418	195,704	224,244	274,544	302,330
Revenue from use of money and property	163,184	254,888	401,149	525,636	682,758	460,751	143,927	150,447	153,680	162,021
Charges for services	327,467	454,525	395,571	280,315	388,828	351,658	767,817	652,272	853,944	884,639
Miscellaneous	1,719,247	2,127,196	1,777,803	2,102,844	2,128,360	2,255,238	2,069,130	1,972,830	2,705,655	2,694,064
Recovered costs	-	-	37,752	35,406	57,465	100,376	55,660	59,580	2,820	10,364
Intergovernmental:										
Commonwealth	5,376,354	5,195,809	5,085,311	5,060,611	5,164,626	6,845,977	6,209,947	6,338,627	6,875,404	7,038,981
Federal	1,269,903	423,487	1,353,340	897,221	942,475	1,023,849	1,219,525	1,495,529	1,583,979	1,884,328
Total revenues	$ 18,811,040	$ 19,026,560	$ 19,791,971	$ 19,776,740	$ 19,900,096	$ 22,567,777	$ 21,178,341	$ 21,482,825	$ 23,531,173	$ 24,392,403
Expenditures										
General government administration	$ 1,690,272	$ 1,541,620	$ 1,987,141	$ 2,093,512	$ 2,203,116	$ 2,289,018	$ 2,141,757	$ 2,006,186	$ 2,084,305	$ 2,290,530
Judicial administration	936,641	1,032,956	556,137	713,455	661,831	1,178,428	1,125,737	1,082,538	1,093,311	1,169,552
Public safety	4,488,778	4,207,220	5,547,830	6,010,285	6,021,053	6,767,752	6,314,326	6,699,588	6,155,409	6,406,542
Public works	2,601,901	2,452,558	2,599,204	2,852,697	2,834,267	2,900,711	2,672,561	2,667,712	2,994,073	2,741,126
Health and welfare	1,839,950	1,766,903	1,823,156	1,976,883	1,939,683	2,038,092	2,278,482	2,253,374	2,491,473	2,656,373
Education	5,262,913	5,180,623	5,004,055	5,185,634	7,038,821	16,192,846	8,518,439	4,498,458	5,042,614	5,273,296
Parks, recreation and cultural	1,484,951	1,468,947	1,657,571	1,739,036	1,775,060	1,856,042	1,857,756	1,778,938	1,873,625	2,148,733
Community development	1,617,066	772,577	677,889	404,312	635,677	691,469	670,136	1,077,646	2,161,574	2,345,628
Non-departmental	-	-	-	-	-	-	-	-	-	33,375
Capital projects	752,524	2,282,705	1,431,006	863,249	722,764	1,279,040	1,727,243	4,784,258	479,229	1,089,854
Debt service:										
Principal retirement	202,360	389,135	333,844	339,002	349,521	7,902,282	819,987	856,066	952,518	1,067,312
Bond issuance cost	16,707	-	-	-	11,780	-	-	-	-	76,395
Interest and other fiscal charges	144,907	156,050	144,972	140,509	129,629	126,456	817,932	872,830	1,003,562	1,011,034
Total expenditures	$ 21,038,970	$ 21,251,294	$ 21,762,805	$ 22,318,574	$ 24,323,202	$ 43,222,136	$ 28,944,356	$ 28,577,594	$ 26,331,693	$ 28,309,750
Excess (deficiency) of revenues over (under) expenditures	$ (2,227,930)	$ (2,224,734)	$ (1,970,834)	$ (2,541,834)	$ (4,423,106)	$ (20,654,359)	$ (7,766,015)	$ (7,094,769)	$ (2,800,520)	$ (3,917,347)

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

	Fiscal Year									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Other financing sources (uses)										
Transfers in	$ 1,622,069	$ 2,840,545	$ 2,534,769	$ 3,404,099	$ 3,674,085	$ 3,951,150	$ 2,860,859	$ 1,830,949	$ 2,836,723	$ 4,316,475
Transfers out	(304,835)	(262,772)	(402,955)	(1,290,336)	(894,482)	(1,012,193)	(503,469)	(8,115)	(573,536)	(2,101,983)
Issuance of general obligation bonds	1,555,000	-	-	-	15,910,378	5,926,515	1,082,736	5,244,081	598,183	4,455,549
Refunding bonds issued	2,206,455	-	-	-	-	-	-	-	-	-
Payments on refunding of bonds	(2,280,934)	-	-	-	-	-	-	-	-	-
Debt service - current refunding - principal	-	-	-	-	-	-	-	-	-	(66,769)
Capital leases	-	-	-	-	447,800	13,838	-	-	157,354	-
Sale of capital assets	-	-	-	-	-	24,957	127,883	2,050	-	1,500
Total other financing sources (uses)	$ 2,797,755	$ 2,577,773	$ 2,131,814	$ 2,113,763	$ 19,137,781	$ 8,904,267	$ 3,568,009	$ 7,068,965	$ 3,018,724	$ 6,604,772
Net change in fund balances	$ 569,825	$ 353,039	$ 160,980	$ (428,071)	$ 14,714,675	$ (11,750,092)	$ (4,198,006)	$ (25,804)	$ 218,204	$ 2,687,425
Debt service as a percentage of noncapital expenditures	1.71%	2.87%	2.36%	2.23%	2.03%	19.14%	6.02%	7.27%	7.57%	7.64%

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
2013	$ 7,534,523	$ 974,844	$ 575,931	$ 198,060	$ 1,024,005	$ 492,114	$ 575,986	$ 11,375,463	7.79%
2012	7,426,519	900,741	533,966	197,397	988,171	458,918	533,836	11,039,548	5.35%
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%
2006	6,286,313	965,875	945,106	175,151	793,819	374,131	950,047	10,490,442	0.55%
2005	6,259,607	813,065	1,012,815	174,864	735,982	351,235	1,085,415	10,432,983	6.00%
2004	6,077,108	750,107	1,010,437	169,959	672,466	327,250	834,807	9,842,134	9.10%

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.

Table 7

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
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%
2006	646,978,740	50,411,878	819,150	43,067,600	19,380,191	760,657,559	760,657,559	100.00%
2005	639,553,745	46,498,898	819,156	49,309,000	22,287,508	758,468,307	758,468,307	100.00%
2004	578,281,745	50,421,721	968,870	50,298,125	21,050,924	701,021,385	701,021,385	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
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
2006	0.73	2.44	0.73	1.76
2005	0.73	2.44	0.73	1.76
2004	0.70	2.44	0.70	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
2013	$ 8,070,126	$ 7,845,456	97.22%	$ -	$ 7,845,456	97.22%
2012	7,898,118	7,658,768	96.97%	127,710	7,786,478	98.59%
2011	7,741,672	7,338,433	94.79%	316,889	7,655,322	98.88%
2010	7,769,061	7,599,999	97.82%	106,423	7,706,422	99.19%
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%
2006	6,909,447	6,736,261	97.49%	36,801	6,773,062	98.03%
2005	6,626,688	6,538,966	98.68%	75,551	6,614,517	99.82%
2004	6,474,998	6,387,779	98.65%	63,392	6,451,171	99.63%

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
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%
2005-06	333,844	144,972	478,816	21,762,805	2.20%
2004-05	389,135	156,050	545,185	16,532,953	3.30%
2003-04	201,163	131,892	333,055	16,444,217	2.03%

(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	Literary Fund Loans	Capital Leases	Revenue Bonds	General Obligation Bonds	Total Primary Government	Per Capita
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
2006	3,004,610	-	-	68,358	8,835,799	11,908,767	760
2005	3,332,721	-	5,734	-	9,276,275	12,614,730	805
2004	3,649,383	500,158	78,009	-	8,076,512	12,304,062	809

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
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
2006	11,840,409	-	11,840,409	1.56%	756
2005	12,608,996	-	12,608,996	1.66%	805
2004	11,725,895	-	11,725,895	1.67%	771

(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									
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Debt limit	$ 57,828,175	$ 63,955,375	$ 64,697,874	$ 65,135,034	$ 71,879,024	$ 78,529,654	$ 78,050,994	$ 79,214,029	$ 78,782,209	$ 78,205,874
Total net debt applicable to limit	11,725,895	12,608,996	11,840,409	10,981,066	25,699,275	23,075,778	22,791,781	26,624,275	25,754,398	26,802,231
Legal debt margin	$ 46,102,280	$ 51,346,379	$ 52,857,465	$ 54,153,968	$ 46,179,749	$ 55,453,876	$ 55,259,213	$ 52,589,754	$ 53,027,811	$ 51,403,643
Total net debt applicable to the limit as a percentage of debt limit	20.28%	19.72%	18.30%	16.86%	35.75%	29.38%	29.20%	33.61%	32.69%	34.27%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	$ 782,058,740
Total assessed value	$ 782,058,740
Debt limit (10% of total assessed value)	$ 78,205,874
Net debt applicable to limit	26,802,231
Legal debt margin	$ 51,403,643

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
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
2006	3,879,754	3,104,556	775,198	252,530	196,411	1.73
2005	3,284,763	3,274,957	9,806	340,917	19,277	0.03
2004	3,542,066	3,078,530	463,536	727,942	49,284	0.60

(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
the 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, 2013, 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 4, 2013.

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 4, 2013

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

To the Honorable Members of
the 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 Circular A-133 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, 2013. The 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.

The City of Radford, Virginia's basic financial statements include the operations of the component-unit, the Radford City School Board, which received $1,294,568 in federal awards which is not included in the City's schedule of federal expenditures during the year ended June 30, 2013. Our audit, described below, did not include the operations of the Radford City School Board because the School Board issued a separate report that included a schedule of their federal awards and our report thereon.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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's 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, 2013.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
November 4, 2013

CITY OF RADFORD, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Direct Payments:			
Pass Through Payments:			
State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/ 0010111/ 0040110/0040111	$ 131,698
Total Department of Agriculture			$ 131,698
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
State Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950110/0950111	$ 11,054
Temporary Assistance for Needy Families	93.558	0400110/0400111	121,480
Refugee and Entrant Assistance-State Administered Programs	93.566	0500109/0500110	417
Low-Income Home Energy Assistance	93.568	0600410/0600411	8,844
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110/0900111	662
Child Care Mandatory and Matching Funds of the Child Care and Development Funds	93.596	0760110/0760111	21,290
Foster Care - Title IV-E	93.658	1100110/ 1100111	98,202
Adoption Assistance	93.659	1120110/1120111	89,557
Social Services Block Grant	93.667	1000110/1000111	86,208
Chafee Foster Care Independence Program	93.674	9150110/ 9150111	613
Children's Health Insurance Program	93.767	0540110/0540111	3,294
Medical Assistance Program	93.778	1200110/1200111	79,099
Total Department of Health and Human Services			$ 520,720
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
State Department of Emergency Management:			
State Homeland Security Program	97.073	52707/52708	$ 19,708
Emergency Management Performance Grants	97.042	52749	86,096
Total Department of Emergency Management			$ 105,804
Total U. S. Department of Homeland Security			$ 105,804
DEPARTMENT OF JUSTICE:			
Pass Through Payments:			
State Department of Criminal Justice Services:			
Project Safe Neighborhoods	16.609	unknown	$ 50,409
Total Department of Justice			$ 50,409

CITY OF RADFORD, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

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	NA	$ 162,953
Total Department of Housing and Urban Development			$ 162,953
DEPARTMENT OF TRANSPORTATION:			
Pass Through Payments:			
State Department of Motor Vehicles:			
Formula Grants for Other Than Urbanized Areas	20.509	unknown	$ 961,603
State and Community Highway Safety	20.600	50245/51151	4,831
Total Department of Transportation			$ 966,434
Total Expenditures of Federal Awards			$ 1,938,018

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, 2013. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the 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	$ 672,309
Grants Fund	237,901
Highway Maintenance Fund	12,515
Transit Fund	961,603
Capital Contributions in Enterprise Funds	52,677
Capital Contributions in Internal Service Fund	1,013
Total primary government	$ 1,938,018

City of Radford, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

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 Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
20.509	Formula Grants for Other Than Urbanized Areas

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
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.