

CITY OF RADFORD, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Prepared By:
Department of Financial Services

CITY OF RADFORD, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION



December 22, 2020

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, 2020 is hereby submitted. State statutes 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.

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, 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 as a summary overview into the June 30, 2020 City of Radford Comprehensive Annual Financial Report.

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

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

Economic Condition and Outlook

Chartered in 1892 the City of Radford is located in the New River Valley of Southwestern Virginia, just off interstate 81 at exits 105 and 109. Radford encompasses a land area of 9.63 square miles and has a population of 18,399.

The City of Radford provides a range of public services that include general administration, public safety, public works, recreation, judicial functions, health and welfare activities, transit operations, and community development. The City also provides electric, water, 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 13,000 students, as well as approximately 1,835 faculty and staff. As the City's largest employer, Radford University has a significant positive influence on our community. Although nontaxable, the University generates an estimated \$313 million dollars annually for the region's economy per the University's 2016 Economic Impact Study. The University continues to move forward with investments in new and remodeled facilities, as well as growth in enrollment and program offerings. These investments and its overall presence, make the University an important economic engine for the City.

The City is committed to providing a community conducive to a high quality of life for its citizens and a strong workforce for its businesses. The City's close proximity to I-81, as well as its central location between northern and southern markets, places it in an ideal geographic location for economic activities. Through the years, this has enabled the City to attract such industries and research companies as Danaher, Moog Aspen Motion Technologies, Huntington Solutions, TechLab, and Alexander Industries. The City's unemployment rate is currently 11.5% and has a workforce of 8,136 due to the Coronavirus pandemic.

Radford, like many communities throughout the Commonwealth and the United States, have felt the effects of a sluggish economy and changing consumer trends over the past several years. These aspects became increasingly apparent in the fourth quarter of 2020 due to the COVID-19 virus. State and local trends reflected weak consumer spending, slow private investment, increased cost of providing services and stagnant revenues. As a result, revenue projections and expenditures have been constantly re-evaluated to minimize the overall impact on the established budget to preserve the financial health of the City and its services. Radford has experienced economic growth over the past several quarters from private investment, gains in property values and new construction. Despite recent trends,

reorganization, conservative spending, and modest growth have minimized the impact on households and businesses, as well as maintained the low cost of services.

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

Over the past year, the City has invested resources in economic recruitment, revitalization and retention efforts through its commissions and staff teams. Moderate increases in private investments are visible in housing growth, commercial revitalization and small business investment. Modest increases have occurred in the categories of general property taxes, other local taxes and utility sales. Radford population has continued to increase and the unemployment rate had been declining, even before the pandemic.

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 not absolute assurance regarding: (a) the safeguarding of assets against loss from unauthorized use or disposition, and (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

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

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

Pension Benefits

The City of Radford participates in the Virginia Retirement System (VRS), which covers all full time, salaried employees. Contributions to the VRS are determined

on an actuarial basis. The contributions required during the 2019-2020 fiscal year totaled \$1,152,021. As of the plan's most recent actuarial valuation on June 30, 2019, the City's pension obligation was not fully funded. Please see Note 8 and Exhibits 15 and 16 for additional information on the City's retirement plan.

Capital Financing and Debt Service

At June 30, 2020 the City's legal debt limit is \$85,466,360. Net direct tax supported debt totaled \$18,813,685. Additional information about the City's legal debt limit can be obtained from Table 13. Long-term liabilities, excluding compensated absences, net pension liabilities, and OPEB obligations for all funds of the primary government as of June 30, 2020 totaled \$21,265,165 of which \$2,834,580 for Enterprise Fund activity is considered self-supporting as revenues for services are anticipated to cover operating and debt service needs. See Note 7 for more information on the City's long-term borrowing.

Cash Management

The City follows the pooled cash concept, which allows for greater flexibility in managing cash flow amongst the different funds. Idle cash is invested in instruments as allowed by the Code of Virginia, Chapter 3, Title 26. Currently, idle cash is held in money market funds with SunTrust Securities Corporation. Bank interest earned during 2019-2020 totaled \$91,399.

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 "Finance Team" 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

Chelista Linkous

Chelista Linkous, Director of Finance

CITY OF RADFORD, VIRGINIA

CITY COUNCIL

David Horton, Mayor
Dr. Richard Harshberger, Vice Mayor
Robert Gropman

Jessie Critterton
Naomi Huntington

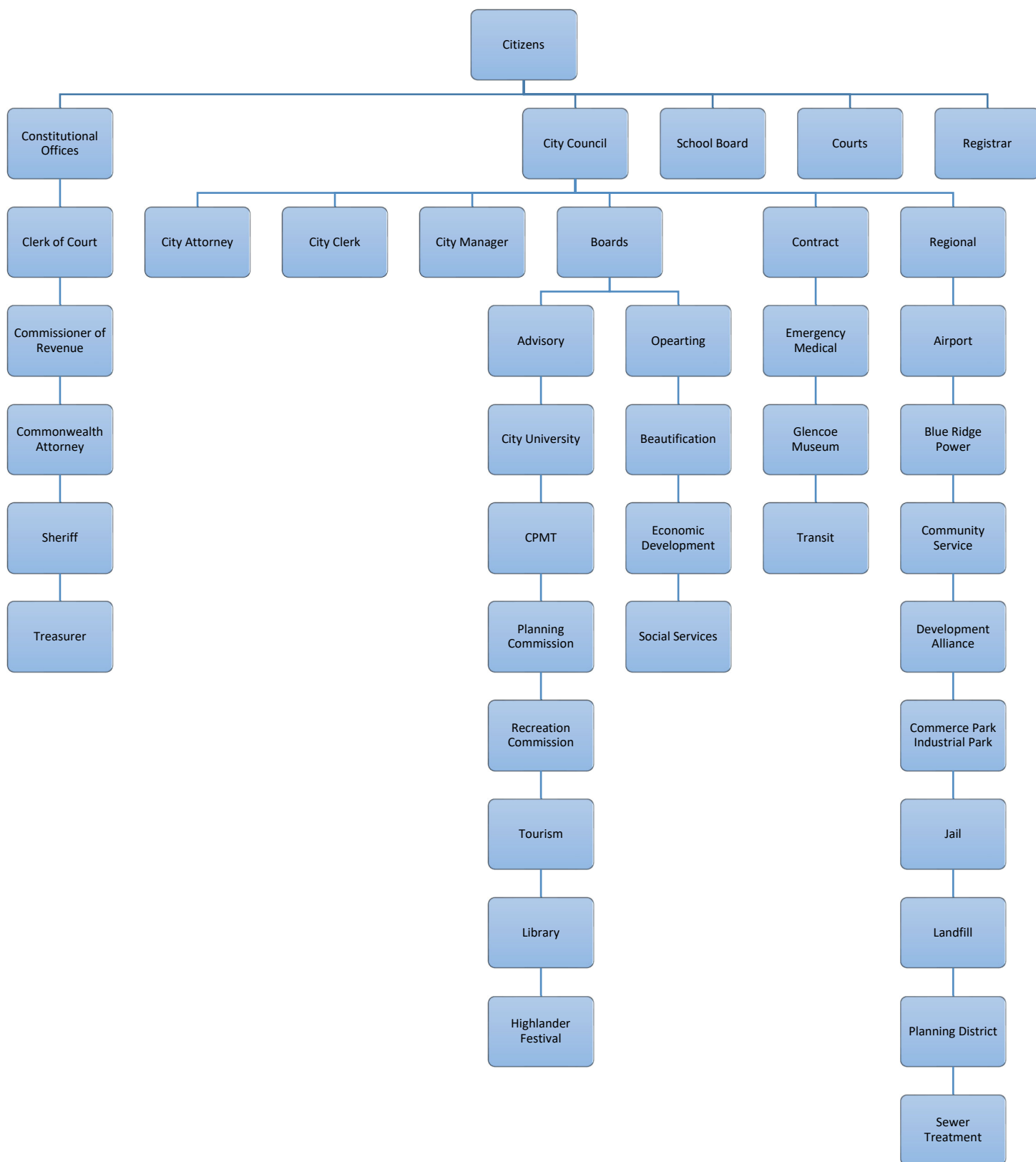
CITY COUNCIL - ELECT

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T. Forrest Hite

OTHER OFFICIALS

City ManagerDavid Ridpath
City Clerk.....Jennifer Wilder
Finance Director.....Chelista Linkous



FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of and for the year ended June 30, 2020, 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, 2020, 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.

Restatement of Beginning Balances

As described in Note 23 to the financial statements, in 2020, the City restated beginning balances to correct receivables. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 10-23, 102-105, and 106-119 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.

Supplementary and Other Information

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

Other Matters (Continued)

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, 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 solely 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 the effectiveness of the City of Radford, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Radford, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 8, 2020

CITY OF RADFORD, VIRGINIA

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2020

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, 2020. The MD&A should be considered in conjunction with the transmittal letter and the City's basic financial statements.

It is important to note that the MD&A is predicated on the substantial impact that COVID-19 has had on our national, state and local perspective since March 1, 2020. The pandemic affected nearly all aspects of the budget in the fourth quarter of FY20. Overall, revenues decreased and expenses increased due to the effects of the illness and governmental response.

Locally, revenues were flattened or fell short of budget expectations due to state imposed stay at home orders, the absence of Radford University students and faculty due to remote learning, diminished tourism, cancelled special events and business closings. All of this impacts revenues including: general property taxes, utilities and other local taxes. Where possible, the expenses were reduced across all areas of governmental operations including governmental and business type activities.

Federal and State Aid came in May, 2020 through the Coronavirus Aid Relief and Economic Security Act, (CARES), from the public health emergency in the amount of \$1,592,155. The funding was appropriated for specific purposes associated with workplace safety modifications, technology upgrades to accommodate remote employee access and broadened Zoom capabilities, cleaning contracts and supplies, personal protective equipment, an economic stimulus, equipment for first responders, required "Task Force" support of Be Committed, Be Well Initiative, as well as personnel costs to name a few. \$625,512 in CARES Act funding was spent in FY20.

The pandemic has affected all city operations and is expected to be with us for a while, impacting the economy, finances, and local response.

FINANCIAL HIGHLIGHTS

The City's net position excluding those of its component units, on the government-wide basis, totaled \$53,955,017 at June 30, 2020. \$52,277,032 is invested in capital assets, net of related debt. Net position of \$2,177,568 is restricted.

On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$23,446,427, which totaled \$7,178,114 more than the general revenues, net of transfers, of \$16,268,313.

At June 30, 2020, the City's governmental funds balance sheet reported total ending fund balance of \$5,110,566. Of this amount, \$1,043,651 remains in the general fund of the City as unassigned, a decrease of \$1,461,101 from FY 2019.

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 deferred outflows and liabilities and deferred inflows, is a way to measure the City's financial health, or financial position. Increases or decreases in net position are indicators of whether the City's financial health is improving or deteriorating. Other non-financial factors, such as changes in the City's property tax base and the condition of the City infrastructure should also be considered in assessing the overall financial health of the City.

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

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

Business-type activities – The City's Electric Department, Water and 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 Economic Development Authority of the City of Radford. Although legally separate, the component units are attached to the City through financial accountability. Complete financial statements for these component units may be obtained at the school board administrative office and the Economic Development office at 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 26 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 27 and 29.

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 departments on a cost reimbursement basis. The City accounts for its garage operations in an internal service fund. Internal service fund activities are reported as governmental activities on the government-wide statements.

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 34 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 by \$53,955,017 at the close of the FY2020 fiscal year.

By far the largest portion of the City of Radford's net position (97%) 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, \$2,177,568 represents resources that are subject to external restrictions on how they can be used.

At the end of the current fiscal year, the City is unable to report positive balances in all three categories of net position for the government as a whole, as unrestricted net position for governmental activities was negative at year end.

The City's combined net position decreased from \$59,092,822 to \$53,955,017 as a result of a decrease in net position of Governmental-type activities in the amount of \$3,094,397, and a decrease of Business-type activities in the amount of \$2,043,408. The decrease in net position of business-type activities is attributed to a decrease in the unrestricted portion of net position for the Electric Fund largely due to a transfer of funds to the General Fund and the impact of COVID-19 on fourth quarter revenues.

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The following table presents a condensed summary of net positions at June 30, 2020:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	12,373,757	11,897,521	8,652,208	8,674,180	21,025,965	20,571,701
Capital assets, net	<u>57,967,980</u>	<u>59,503,673</u>	<u>15,234,158</u>	<u>16,273,391</u>	<u>73,202,138</u>	<u>75,777,064</u>
Total assets	<u>70,341,737</u>	<u>71,401,194</u>	<u>23,886,366</u>	<u>24,947,571</u>	<u>94,228,103</u>	<u>96,348,765</u>
Deferred Outflows of Resources	<u>2,850,692</u>	<u>1,484,116</u>	<u>625,913</u>	<u>336,108</u>	<u>3,476,605</u>	<u>1,820,224</u>
Other liabilities	3,262,550	1,597,497	2,256,724	1,149,282	5,519,274	2,746,779
Long-term liabilities	<u>28,411,545</u>	<u>26,604,785</u>	<u>5,303,561</u>	<u>5,055,384</u>	<u>33,715,106</u>	<u>31,660,169</u>
Total liabilities	<u>31,674,095</u>	<u>28,202,282</u>	<u>7,560,285</u>	<u>6,204,666</u>	<u>39,234,380</u>	<u>34,406,948</u>
Deferred Inflows of Resources	<u>4,274,091</u>	<u>4,344,388</u>	<u>241,220</u>	<u>324,831</u>	<u>4,515,311</u>	<u>4,669,219</u>
Net Position:						
Invested in capital assets, net of related debt	39,537,395	40,956,828	12,739,637	13,620,344	52,277,032	54,577,172
Restricted	2,177,568	2,541,279	-	-	2,177,568	2,541,279
Unrestricted	<u>(4,470,720)</u>	<u>(3,159,467)</u>	<u>3,971,137</u>	<u>5,133,838</u>	<u>(499,583)</u>	<u>1,974,371</u>
Total net position	<u>37,244,243</u>	<u>40,338,640</u>	<u>16,710,774</u>	<u>18,754,182</u>	<u>53,955,017</u>	<u>59,092,822</u>

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Summary of Changes in Net Position:

The following table shows the revenues and expenses of the government at June 30, 2020:

Summary of Changes in Net Position For the Fiscal Year Ended June 30, 2020						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	971,097	1,376,898	25,604,149	26,505,268	26,575,246	27,882,166
Operating grants and contributions	9,258,531	9,571,858	-	-	9,258,531	9,571,858
Capital grants and contributions	112,137	-	-	-	112,137	-
General Revenues:						
Property Taxes	8,619,689	8,031,543	-	-	8,619,689	8,031,543
Local sales and use taxes	1,127,441	1,037,269	-	-	1,127,441	1,037,269
Consumers' utility taxes	551,225	564,577	-	-	551,225	564,577
Business license taxes	457,875	442,934	-	-	457,875	442,934
Motor Vehicle Taxes	196,764	202,397	-	-	196,764	202,397
Restaurant food taxes	973,499	1,104,604	-	-	973,499	1,104,604
Other local taxes	638,889	592,519	-	-	638,889	592,519
Interest and rent income	201,109	227,707	65,272	91,888	266,381	319,595
Other income	694,009	1,032,245	-	-	694,009	1,032,245
Payments from business-type activities	1,456,547	1,456,547	-	-	1,456,547	1,456,547
Grants /contributions not restricted to specific programs	1,351,266	1,362,267	-	-	1,351,266	1,362,267
Gain/(loss) on disposal of capital assets	-	-	12,070	-	12,070	-
Total Revenues	26,610,078	27,003,365	25,681,491	26,597,156	52,291,569	53,600,521
Expenses						
General Government	3,222,986	2,727,991	-	-	3,222,986	2,727,991
Judicial administration	1,350,882	1,235,776	-	-	1,350,882	1,235,776
Public Safety	9,258,911	8,178,720	-	-	9,258,911	8,178,720
Public Works	4,468,961	3,625,343	-	-	4,468,961	3,625,343
Health and Welfare	3,862,806	3,218,783	-	-	3,862,806	3,218,783
Education	5,682,556	5,735,374	-	-	5,682,556	5,735,374
Parks, recreation, and cultural	2,409,129	2,311,832	-	-	2,409,129	2,311,832
Community Development	2,758,561	2,553,508	-	-	2,758,561	2,553,508
Interest on long-term debt	773,400	720,747	-	-	773,400	720,747
Electric Operation	-	-	16,758,157	16,301,951	16,758,157	16,301,951
Water/Wastewater Operation	-	-	5,530,622	5,020,034	5,530,622	5,020,034
Solid Waste Operation	-	-	1,352,403	1,362,609	1,352,403	1,362,609
Total Expenses	33,788,192	30,308,074	23,641,182	22,684,594	57,429,374	52,992,668
Transfers	4,083,717	4,079,599	(4,083,717)	(4,079,599)	-	-
Increase(Decrease) in Net Assets	(3,094,397)	774,890	(2,043,408)	(167,037)	(5,137,805)	607,853
Net Position, Beginning	40,338,640	39,563,750	18,754,182	18,921,219	59,092,822	58,484,969
Net Position, Ending	37,244,243	40,338,640	16,710,774	18,754,182	53,955,017	59,092,822

Operating grants and contributions, which is state and federal categorical aid, makes up about 35.1% of total revenue generated by governmental activities. This revenue source increased slightly during the fiscal year.

The property tax classification, which comprises approximately 32.7% 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 increased in 2019 after no changes since 2010. Personal property taxes saw growth of 9.4% as well as a 3.7% increase in real estate taxes, due to the rate increase and quadrennial reassessment.

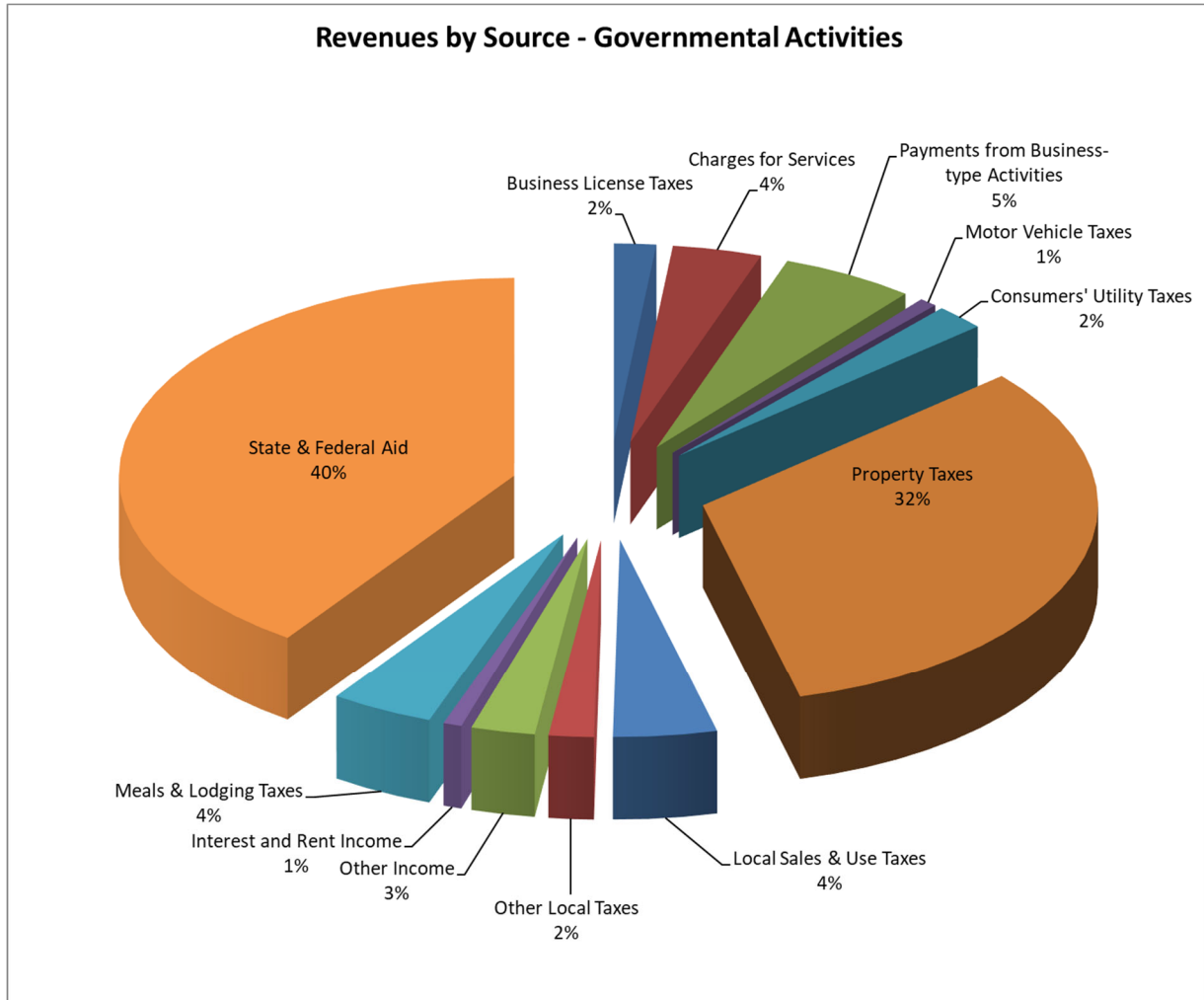
Capital grants and contribution increased due to FTA and State transit capital funding increases during the current fiscal year.

Local sales and use tax increased due to the tax on online shopping which has significantly increased during the pandemic.

Payments from business-type activities remained the same due to the payment in lieu of tax charge during the remaining the same during the current fiscal year.

Net transfers from other funds increased very minimally. \$4,079,599 was transferred from the Electric Fund to Governmental Activities.

Revenue generated for governmental activities are presented below by category:



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Expenses for governmental activities totaled \$33,788,192 for the year, which is up 10.3% from the previous year. A 3% cost-of-living adjustment was made to salaries in FY 2020. Health insurance premiums increased 14.8%. Dental rates and vision rates did not change. Rates from the Virginia Retirement System remained the same from FY 2019.

Public Safety expenses continue to comprise the largest portion of governmental expenses at 27%. This includes police, fire, EMS, and jail and juvenile detention operations along with building official, code enforcement, and GIS. This category showed a 13% increase over the previous fiscal year.

Funding for education is the second largest portion of expenses at 17%. The amount transferred to the School Board was \$6,225,677, which included \$1,063,947 in capital contributions..

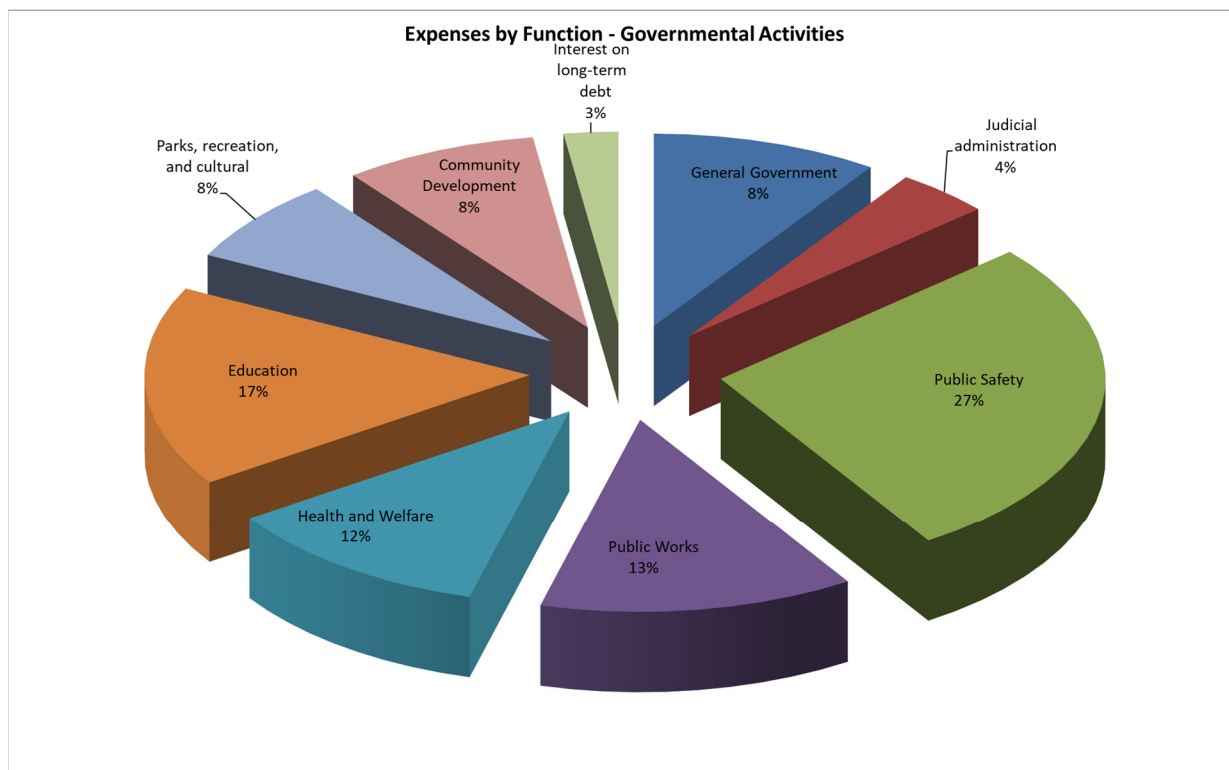
Expenses for Public Works are the next largest portion, by function, of the City's governmental activities at 13%. Expenses for street paving and maintenance, as well as maintenance of general buildings and engineering are included in this category.

Health & Welfare expenses make up 11% of governmental expenses. The largest expense in this category is CSA and DSS. CSA costs have increased \$211,259 over the last year.

DSS expenses decreased slightly from compared to FY 2019.

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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, 2020, the governmental funds reflect a total fund balance of \$5,110,566. Of this amount, \$50,977 is nonspendable as it covers prepaid expenses. \$2,177,568 is restricted by grantors, higher levels of government, or law. \$1,838,370 is committed by Council. The remainder, \$1,043,651, is unassigned and available for any purpose.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund unassigned fund balance was \$1,043,651, while the total General Fund balance was \$3,944,210. 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 3.9% of the total General Fund expenditures, while total fund balance represents 13.4% of that same amount.

The City adopted a fund balance policy in 2011. It states “The City will maintain an unassigned fund balance in the general fund equal to 10% of the City’s and School Board’s operating expenditures.” It goes on to say “Should the unassigned fund balance for the general fund fall below this threshold per the audited financial statements as of June 30th of any fiscal year, Council must approve and adopt a plan to restore this balance to the target level within three years. If restoration cannot be accomplished within this timeframe without severe hardship to the City, Council will establish a different time period.” The City’s unassigned fund balance in the general fund has been below 10% since FY 2009. The fund balance has decreased due to the effects of the COVID-19 pandemic.

The fund balance of the General Fund decreased by \$1,190,864 during the current fiscal year. The unassigned portion decreased \$1,461,101. Again, largely due to the effects of revenues decreasing and expenses increasing during the pandemic.

General property and other local taxes make up a large portion of General Fund revenues, totaling \$12,406,922 in fiscal year 2020. Property taxes make up 68% of general property and other local taxes and were level compared to the prior year. The real estate tax rate remained level for FY20, but revenues increased due to reassessment. Other local taxes was flat from 2019. Radford University had a significant amount of construction during the past few years that has slowed decreasingly locally generated taxes.

The Street Maintenance Fund accounts for revenues and expenditures related to the maintenance of the City’s streets and related 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 \$2,308,304 during the fiscal year, a decrease of 7.2%. This fund is reported as a major fund along with the Grants Fund and Transit Fund.

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 \$828,663.

The Radford Transit system is a partnership between Radford University and the City of Radford that serves the citizens of Radford, the Radford University community, and provides a connection to the surrounding areas of the New River Valley. Operated by New River Valley Community Services, the busses transport passengers to points throughout the Radford and Fairlawn areas connecting passengers with Christiansburg, Blacksburg, Pulaski County and services such as the MegaBus and Pulaski Area Transit. The system receives funding from charging fares, state and federal funding from the Department of Rail and Public Transportation and Radford University. Operating and capital expenditures totaled \$1,477,694.

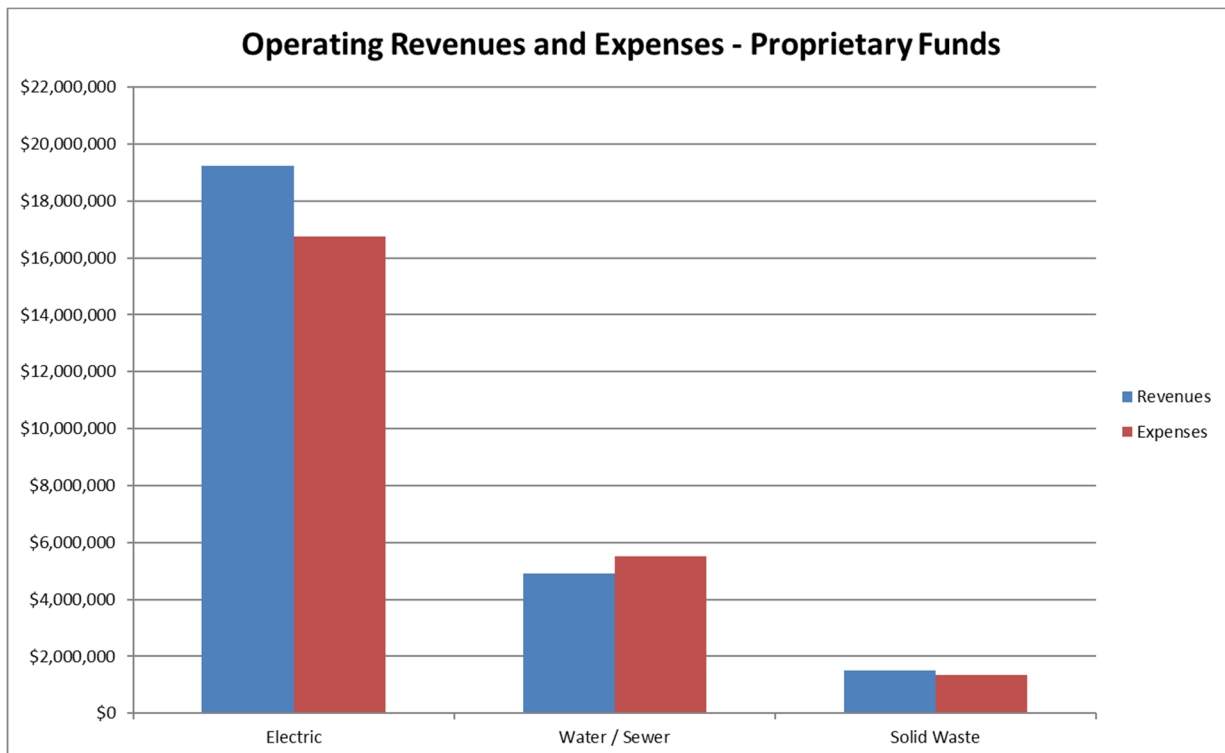
Proprietary Funds:

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

Unrestricted net position for the Electric Fund totaled \$3,422,104 at the end of the year, a decrease of \$1,212,672 from the prior year of about 35%. The net investment in capital assets decreased by \$386,101 mainly due to depreciation charges during the fiscal year.

Unrestricted net position for the Water/Wastewater Fund amounted to \$425,834 at the end of the year, which is a decrease of \$113,746. Change in net position was a decrease of \$611,778. The net investment in capital assets decreased by \$498,032 due to depreciation being more than the reduction in bonds payable.

Unrestricted net position for the Solid Waste Fund was \$123,199. This is more than the unrestricted net position of 2019 of (\$40,518). This is a total increase in the unrestricted net position of \$163,717.



GENERAL FUND BUDGETARY HIGHLIGHTS

There were thirty-two amendments to the original budget during the 2019-2020 fiscal year. Significant increases in appropriations for the general fund budget are highlighted below:

- \$880,000 McHarg Elementary Renovation
- \$129,410 Crisis Intervention Program budget
- 1,592,155 CARES Act Funding for COVID-19

CAPITAL ASSETS

As of June 30, 2020, the City's capital assets for its governmental and business-type activities amounted to \$73,202,138 (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 \$2,574,926.

Major capital assets events during the year included the following:

- Decon Trailer
- Wheel loader
- 31 Fire Department Air Packs

Capital Assets, Net of Depreciation						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	2,850,969	2,836,562	712,498	712,498	3,563,467	3,549,060
Construction in Progress	966,529	100,173	-	-	966,529	100,173
Building & Improvements	26,855,596	27,662,335	330,614	320,320	27,186,210	27,982,655
Machinery & Equipment	5,428,640	6,117,179	1,389,363	1,519,698	6,818,003	7,636,877
Plant & Infrastructure	21,866,246	22,787,424	12,801,683	13,720,875	34,667,929	36,508,299
Total	<u>57,967,980</u>	<u>59,503,673</u>	<u>15,234,158</u>	<u>16,273,391</u>	<u>73,202,138</u>	<u>75,777,064</u>

The changes in each category of Capital Assets are presented in detail in Note 16 to the Basic Financial Statements.

LONG-TERM DEBT

At June 30, 2020, the City's long-term liabilities, not including compensated absences, net pension liabilities, and OPEB obligations, totaled \$21,265,165 comprised of \$18,430,585 related to governmental activities, and \$2,834,580 related to business-type activities. Total debt decreased by \$293,211 during the year. The City issued debt during the fiscal year totaling \$992,881 and made principal payments of \$1,286,092.

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 \$18,813,685 applicable to the limit is below the legal debt limit of \$81,824,837.

The School Board Component Unit relies upon the City to provide full faith and credit for any debt obligations incurred. Therefore, the City reports the School Board Component Unit long-term liabilities, other than compensated absences, as its own. At June 30, 2020, \$8,690,841 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 FY20, interim bond financing was obtained for the architectural and engineering phase of the McHarg renovation. In addition to bonded debt and capital lease obligations, the City's long-term obligations include compensated absences and the OPEB obligation. Additional information concerning the City's long-term liabilities is presented in Note 7 of the Basic financial statements.

OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	17,267,905	17,234,066	1,545,780	1,710,774	18,813,685	18,944,840
Revenue Bonds	-	-	662,173	700,610	662,173	700,610
Unamortized Premium	599,702	667,984	-	-	599,702	667,984
Lease Purchase	562,978	644,795	286,568	241,663	849,546	886,458
Due to Pulaski County	-	-	340,059	358,484	340,059	358,484
Total	<u>18,430,585</u>	<u>18,546,845</u>	<u>2,834,580</u>	<u>3,011,531</u>	<u>21,265,165</u>	<u>21,558,376</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Radford's financial statements are impacted by overall economic conditions. Radford was trending upward in economic activity with several new businesses including the opening of Food City and investment in single family developments, prior to the pandemic. Growth was occurring in sales and private investment. The second half of the budget reflects sluggish spending and investment, as well as a much slower economy. The outlook for Radford is stabilizing as the local economy recovers and adjusts to the pandemic response. The City is influenced by national and state trends, as well as private investments. Locally, the budget is impacted by the growing costs of the delivery of services, materials expenses, stagnant revenues, and the cost of employee benefits related to health insurance and retirement as well as debt service.

The City's unemployment rate was 11.5% last spring with a workforce of 8,136. Unemployment averaged nearly 3% before the pandemic. This city's rate is slightly higher than the state average of 11%, but is lower than the national average of 12%. The City's largest employer, Radford University, comprises 204 acres of land and sixty-one buildings. Its 13,000 students, faculty and staff bring significant purchasing power to the community and the area helping many revenue sources associated with sales, taxes and fees. The Coronavirus significantly reduced the residential number to under 8,000. Other industrial business interests and construction are reflecting stable job growth and investment. Ongoing efforts will focus on business expansion, business recruitment, private investment and university interest.

The City's inflationary trends in the region compare favorably to national reports. General property and other local tax collections are a focal point in their significance to our budget, as well as a reflection of overall economic growth. The FY 2020 budget had seen positive highlights with savings realized from employee vacancies, improved efficiency and growth in building permits.

Issues impacting the future relate to the impact of the ongoing COVID-19 pandemic, energy regulation, limited land area for growth, capital equipment needs, school system needs, as well as state and national economic and inflationary trends. 2020 real property values increased from the quadrennial reassessment, growing private investment, new sales opportunities and continued population growth.

CONTACTING THE CITY'S FINANCIAL DEPARTMENT

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

Basic Financial Statements

City of Radford, Virginia
Statement of Net Position
June 30, 2020

	Primary Government			Component	Component
	Governmental	Business-type	Total	Unit	Unit
	Activities	Activities		School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 5,532,848	\$ 3,342,964	\$ 8,875,812	\$ 649,437	\$ 266,388
Investments	1,178,424	2,459,346	3,637,770	-	-
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,885,894	-	3,885,894	-	-
Accounts receivable	376,837	2,224,092	2,600,929	4,180	-
Due from other governmental units	1,285,092	-	1,285,092	325,308	-
Due from primary government	-	-	-	123,721	-
Inventories	55,837	625,761	681,598	21,690	666,174
Prepaid items	58,825	45	58,870	-	-
Net pension asset	-	-	-	93,790	-
Capital assets (net of accumulated depreciation):					
Land	2,850,969	712,498	3,563,467	211,699	-
Buildings and improvements	26,855,596	330,614	27,186,210	6,523,744	-
Machinery and equipment	5,428,640	1,389,363	6,818,003	895,587	-
Infrastructure and utility plants	21,866,246	12,801,683	34,667,929	-	-
Construction in progress	966,529	-	966,529	493,085	-
Total assets	\$ 70,341,737	\$ 23,886,366	\$ 94,228,103	\$ 9,342,241	\$ 932,562
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 1,961,628	\$ 557,525	\$ 2,519,153	\$ 3,051,346	\$ -
OPEB related items	889,064	68,388	957,452	368,534	-
Total deferred outflows of resources	\$ 2,850,692	\$ 625,913	\$ 3,476,605	\$ 3,419,880	\$ -
LIABILITIES					
Accounts payable	\$ 1,357,388	\$ 1,753,691	\$ 3,111,079	\$ 193,835	\$ 6,308
Accrued wages	314,624	114,100	428,724	54,018	-
Accrued health claims	-	-	-	104,275	-
Customers' deposits	-	355,034	355,034	-	-
Amount held for others	78,026	-	78,026	-	-
Accrued interest payable	267,378	33,899	301,277	-	-
Due to component unit	123,721	-	123,721	-	-
Unearned revenue	1,121,413	-	1,121,413	196,663	-
Long-term liabilities:					
Due within one year	1,544,904	529,274	2,074,178	606,738	-
Due in more than one year	26,866,641	4,774,287	31,640,928	17,178,450	-
Total liabilities	\$ 31,674,095	\$ 7,560,285	\$ 39,234,380	\$ 18,333,979	\$ 6,308
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 3,485,025	\$ -	\$ 3,485,025	\$ -	\$ -
Pension related items	581,066	220,380	801,446	1,606,941	-
OPEB related items	208,000	20,840	228,840	131,966	-
Total deferred inflows of resources	\$ 4,274,091	\$ 241,220	\$ 4,515,311	\$ 1,738,907	\$ -
NET POSITION					
Net investment in capital assets	\$ 39,537,395	\$ 12,739,637	\$ 52,277,032	\$ 8,124,115	\$ -
Restricted	2,177,568	-	2,177,568	311,949	-
Unrestricted (deficit)	(4,470,720)	3,971,137	(499,583)	(15,746,829)	926,254
Total net position	\$ 37,244,243	\$ 16,710,774	\$ 53,955,017	\$ (7,310,765)	\$ 926,254

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

City of Radford, Virginia
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Component Units			
					Governmental Activities	Primary Government Business-type Activities	Total	EDA
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 3,222,986	\$ 80,902	\$ 234,470	\$ -	\$ (2,907,614)	\$ -	\$ (2,907,614)	\$ -
Judicial administration	1,350,882	208,733	492,522	-	(649,627)	-	(649,627)	-
Public safety	9,258,911	574,259	2,139,349	112,137	(6,433,166)	-	(6,433,166)	-
Public works	4,468,961	25,513	2,312,607	-	(2,130,841)	-	(2,130,841)	-
Health and welfare	3,862,806	-	2,632,324	-	(1,230,482)	-	(1,230,482)	-
Education	5,682,556	-	-	-	(5,682,556)	-	(5,682,556)	-
Parks, recreation, and cultural	2,409,129	81,690	152,458	-	(2,174,981)	-	(2,174,981)	-
Community development	2,758,561	-	1,294,801	-	(1,463,760)	-	(1,463,760)	-
Interest	773,400	-	-	-	(773,400)	-	(773,400)	-
Total governmental activities	\$ 33,788,192	\$ 971,097	\$ 9,258,531	\$ 112,137	\$ (23,446,427)	\$ -	\$ (23,446,427)	\$ -
Business-type activities:								
Water and sewer	\$ 5,530,622	\$ 4,863,737	\$ -	\$ -	\$ -	\$ (666,885)	\$ (666,885)	\$ -
Electric	16,758,157	19,222,621	-	-	-	2,464,464	2,464,464	-
Solid waste	1,352,403	1,517,791	-	-	-	165,388	165,388	-
Total business-type activities	\$ 23,641,182	\$ 25,604,149	\$ -	\$ -	\$ -	\$ 1,962,967	\$ 1,962,967	\$ -
Total primary government	\$ 57,429,374	\$ 26,575,246	\$ 9,258,531	\$ 112,137	\$ (23,446,427)	\$ 1,962,967	\$ (21,483,460)	\$ -
COMPONENT UNITS:								
School Board	\$ 19,282,860	\$ 209,303	\$ 13,132,474	\$ -	\$ -	\$ -	\$ (5,941,083)	\$ -
EDA	30,673	7,081	12,665	-	-	-	-	(10,927)
Total component units	\$ 19,313,533	\$ 216,384	\$ 13,145,139	\$ -	\$ -	\$ -	\$ (5,941,083)	\$ (10,927)
General revenues:								
General property taxes					\$ 8,619,689	\$ -	\$ 8,619,689	\$ -
Other local taxes:								
Local sales and use taxes					1,127,441	-	1,127,441	-
Consumers' utility taxes					551,225	-	551,225	-
Business license taxes					457,875	-	457,875	-
Motor vehicle taxes					196,764	-	196,764	-
Restaurant food taxes					973,499	-	973,499	-
Bank stock taxes					216,779	-	216,779	-
Hotel and motel room taxes					148,968	-	148,968	-
Other local taxes					273,142	-	273,142	-
Unrestricted revenues from the use of money and property					65,272	-	65,272	750
Miscellaneous					201,109	-	201,109	149,711
Contributions from the City of Radford					2,150,556	-	2,150,556	5,665,225
Grants and contributions not restricted to specific programs					-	-	-	-
Gain on disposal of surplus					1,351,266	-	1,351,266	50,000
Transfers					-	12,070	12,070	-
					4,083,717	(4,083,717)	-	-
Total general revenues and transfers					\$ 20,352,030	\$ (4,006,375)	\$ 16,345,655	\$ 5,815,686
Change in net position					\$ (3,094,397)	\$ (2,043,408)	\$ (5,137,805)	\$ (125,397)
Net position - beginning, as restated					40,338,640	18,754,182	59,092,822	885,881
Net position - ending					\$ 37,244,243	\$ 16,710,774	\$ 53,955,017	\$ (7,310,765)
								\$ 926,254

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

City of Radford, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>Transit</u>	<u>Grants</u>	<u>Highway Maintenance</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 3,846,428	\$ 53,229	\$ -	\$ 1,802,062	\$ -	\$ 5,701,719
Investments	1,178,424	-	-	-	-	1,178,424
Receivables (net of allowance for uncollectibles):						
Taxes receivable	3,885,894	-	-	-	-	3,885,894
Accounts receivable	376,411	-	-	118	-	376,529
Due from other governmental units	754,300	168,145	250,510	-	112,137	1,285,092
Prepaid items	50,977	-	-	-	-	50,977
Total assets	<u>\$ 10,092,434</u>	<u>\$ 221,374</u>	<u>\$ 250,510</u>	<u>\$ 1,802,180</u>	<u>\$ 112,137</u>	<u>\$ 12,478,635</u>
LIABILITIES						
Accounts payable	\$ 574,572	93,034	\$ 11,650	\$ 599,790	\$ 74,480	\$ 1,353,526
Accrued wages and benefits	274,103	1,169	11,352	24,146	-	310,770
Accrued vacation and sick pay	138,377	641	-	11,888	-	150,906
Amounts held for others	78,026	-	-	-	-	78,026
Reconciled overdraft	-	-	226,818	-	37,657	264,475
Due to component unit	123,721	-	-	-	-	123,721
Unearned revenue	994,193	126,530	690	-	-	1,121,413
Total liabilities	<u>\$ 2,182,992</u>	<u>\$ 221,374</u>	<u>\$ 250,510</u>	<u>\$ 635,824</u>	<u>\$ 112,137</u>	<u>\$ 3,402,837</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	\$ 3,928,737	\$ -	\$ -	\$ -	\$ -	\$ 3,928,737
Unavailable revenue-ambulance billings	36,495	-	-	-	-	36,495
Total deferred inflows of resources	<u>\$ 3,965,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,965,232</u>
FUND BALANCES						
Nonspendable	\$ 50,977	\$ -	\$ -	\$ -	\$ -	\$ 50,977
Restricted (Note 25)	1,011,212	-	-	1,166,356	-	2,177,568
Committed (Note 25)	1,838,370	-	-	-	-	1,838,370
Unassigned	1,043,651	-	-	-	-	1,043,651
Total fund balances	<u>\$ 3,944,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,166,356</u>	<u>\$ -</u>	<u>\$ 5,110,566</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,092,434</u>	<u>\$ 221,374</u>	<u>\$ 250,510</u>	<u>\$ 1,802,180</u>	<u>\$ 112,137</u>	<u>\$ 12,478,635</u>

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

City of Radford, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	5,110,566
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	2,850,969
Buildings and improvements (excludes \$13,364 in Internal Service Fund)		26,842,232
Infrastructure		21,866,246
Machinery and equipment (excludes \$15,166 in Internal Service Fund)		5,413,474
Construction in progress		966,529
		57,939,450
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue-property taxes	\$	443,712
Unavailable revenue-ambulance billings		36,495
		480,207
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.		68,809
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items (excludes \$26,327 in Internal Services Fund)	\$	1,935,301
OPEB related items (excludes \$3,142 in Internal Services Fund)		885,922
		2,821,223
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 leases	\$	(17,830,883)
Accrued interest payable		(267,378)
Unamortized bond premium		(599,702)
Compensated absences (net of fund liabilities of \$150,906 and excludes \$6,755 in Internal Services Fund)		(721,240)
Net OPEB liabilities (excludes \$19,100 in Internal Services Fund)		(2,904,446)
Net pension liability (excludes \$86,828 in Internal Services Fund)		(6,091,685)
		(28,415,334)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items (excludes \$27,376 in Internal Services Fund)	\$	(553,690)
OPEB related items (excludes \$1,012 in Internal Services Fund)		(206,988)
		(760,678)
Net position of governmental activities	\$	37,244,243

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

City of Radford, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General</u>	<u>Transit</u>	<u>Grants</u>	<u>Highway Maintenance</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES						
General property taxes	\$ 8,461,229	\$ -	\$ -	\$ -	\$ -	\$ 8,461,229
Other local taxes	3,945,693	-	-	-	-	3,945,693
Permits, privilege fees, and regulatory licenses	77,650	-	-	-	-	77,650
Fines and forfeitures	174,885	-	-	-	-	174,885
Revenue from the use of money and property	198,371	-	-	2,738	-	201,109
Charges for services	716,572	18,220	-	22,257	-	757,049
Miscellaneous	1,902,015	240,310	8,231	-	-	2,150,556
Recovered costs	2,100	-	-	-	-	2,100
Intergovernmental	6,358,347	1,114,483	828,663	2,308,304	112,137	10,721,934
Total revenues	\$ 21,836,862	\$ 1,373,013	\$ 836,894	\$ 2,333,299	\$ 112,137	\$ 26,492,205
EXPENDITURES						
General government administration	\$ 3,099,326	\$ -	\$ -	\$ -	\$ -	\$ 3,099,326
Judicial administration	1,371,156	-	-	-	-	1,371,156
Public safety	8,014,177	-	582,387	-	-	8,596,564
Public works	736,885	-	4,869	2,677,425	-	3,419,179
Health and welfare	3,751,114	-	92,552	-	-	3,843,666
Education	6,282,926	-	-	-	-	6,282,926
Parks, recreation, and cultural	2,098,339	-	-	-	-	2,098,339
Community development	513,467	1,477,964	187,319	-	-	2,178,750
Capital projects	14,407	-	-	-	233,471	247,878
Debt service:						
Principal retirement	855,042	-	-	-	-	855,042
Interest and other fiscal charges	766,166	-	-	-	-	766,166
Bond issuance costs	89,875	-	-	-	-	89,875
Total expenditures	\$ 27,592,880	\$ 1,477,964	\$ 867,127	\$ 2,677,425	\$ 233,471	\$ 32,848,867
Excess (deficiency) of revenues over (under) expenditures	\$ (5,756,018)	\$ (104,951)	\$ (30,233)	\$ (344,126)	\$ (121,334)	\$ (6,356,662)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 4,079,599	\$ 174,737	\$ 25,438	\$ -	\$ 121,334	\$ 4,401,108
Transfers out	(321,509)	-	-	-	-	(321,509)
Issuance of bond anticipation note	807,064	-	-	-	-	807,064
Total other financing sources (uses)	\$ 4,565,154	\$ 174,737	\$ 25,438	\$ -	\$ 121,334	\$ 4,886,663
Net change in fund balances	\$ (1,190,864)	\$ 69,786	\$ (4,795)	\$ (344,126)	\$ -	\$ (1,469,999)
Fund balances - beginning, as restated	5,135,074	(69,786)	4,795	1,510,482	-	6,580,565
Fund balances - ending	\$ 3,944,210	\$ -	\$ -	\$ 1,166,356	\$ -	\$ 5,110,566

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

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, 2020

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

Net change in fund balances - total governmental funds \$ (1,469,999)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 1,407,985	
Depreciation expense (excludes \$5,851 in Internal Service Fund)	<u>(2,941,945)</u>	(1,533,960)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 158,460	
Rescue squad charges	<u>(38,487)</u>	119,973

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 bond anticipation note	\$ (807,064)	
Principal repayments:		
General obligation bonds	773,225	
Capital leases	<u>81,817</u>	47,978

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

Change in compensated absences (excludes \$(21,038) of fund liabilities and excludes \$(4,144) in Internal Services Fund)	\$ (79,135)	
Change in accrued interest payable	14,359	
Amortization of bond premium	68,282	
Change in OPEB related items	(47,528)	
Change in pension related items	<u>(220,538)</u>	(264,560)

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.

6,171

Change in net position of governmental activities	<u><u>\$ (3,094,397)</u></u>
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The notes to the financial statements are an integral part of this statement.

City of Radford, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2020

	Enterprise Funds				Internal Service Fund
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 439,686	\$ 2,210,315	\$ 692,963	\$ 3,342,964	\$ 95,604
Investments	333,191	2,126,155	-	2,459,346	-
Accounts receivable, net of allowance for uncollectibles	414,877	1,659,859	149,356	2,224,092	308
Inventories	87,698	538,063	-	625,761	55,837
Prepaid items	45	-	-	45	7,848
Total current assets	\$ 1,275,497	\$ 6,534,392	\$ 842,319	\$ 8,652,208	\$ 159,597
Noncurrent assets:					
Capital assets:					
Land	\$ 188,734	\$ 523,764	\$ -	\$ 712,498	\$ -
Utility plant and lines in service	30,104,612	20,295,948	-	50,400,560	-
Buildings and improvements	129,834	446,283	29,273	605,390	48,326
Machinery and equipment	1,634,978	2,374,267	1,543,526	5,552,771	271,679
Accumulated depreciation	(22,805,679)	(18,105,580)	(1,125,802)	(42,037,061)	(291,475)
Total capital assets	\$ 9,252,479	\$ 5,534,682	\$ 446,997	\$ 15,234,158	\$ 28,530
Total noncurrent assets	\$ 9,252,479	\$ 5,534,682	\$ 446,997	\$ 15,234,158	\$ 28,530
Total assets	\$ 10,527,976	\$ 12,069,074	\$ 1,289,316	\$ 23,886,366	\$ 188,127
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 163,485	\$ 313,963	\$ 80,077	\$ 557,525	\$ 26,327
OPEB related items	20,478	38,237	9,673	68,388	3,142
Total deferred outflows of resources	\$ 183,963	\$ 352,200	\$ 89,750	\$ 625,913	\$ 29,469
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 199,213	\$ 1,496,197	\$ 58,281	\$ 1,753,691	\$ 3,862
Salaries and wages payable	38,499	62,409	13,192	114,100	3,854
Customers' deposits	39,549	315,485	-	355,034	-
Accrued interest payable	-	16,448	17,451	33,899	-
Compensated absences - current portion	53,890	132,822	21,019	207,731	5,066
Due to Pulaski County PSA - current portion	-	-	36,709	36,709	-
Capital lease - current portion	68,540	-	69,906	138,446	-
Bonds payable - current portion	48,388	98,000	-	146,388	-
Total current liabilities	\$ 448,079	\$ 2,121,361	\$ 216,558	\$ 2,785,998	\$ 12,782
Noncurrent liabilities:					
Compensated absences - net of current portion	\$ 17,963	\$ 44,274	\$ 7,006	\$ 69,243	\$ 1,689
Due to Pulaski County PSA - net of current portion	-	-	303,350	303,350	-
Capital lease - net of current portion	-	-	148,122	148,122	-
Bonds payable - net of current portion	658,565	1,403,000	-	2,061,565	-
Net OPEB liabilities	117,213	230,963	58,628	406,804	19,100
Net pension liability	481,638	1,038,548	265,017	1,785,203	86,828
Total noncurrent liabilities	\$ 1,275,379	\$ 2,716,785	\$ 782,123	\$ 4,774,287	\$ 107,617
Total liabilities	\$ 1,723,458	\$ 4,838,146	\$ 998,681	\$ 7,560,285	\$ 120,399
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 80,014	\$ 115,236	\$ 25,130	\$ 220,380	\$ 27,376
OPEB related items	5,647	12,106	3,087	20,840	1,012
Total deferred inflows of resources	\$ 85,661	\$ 127,342	\$ 28,217	\$ 241,220	\$ 28,388
NET POSITION					
Net investment in capital assets	\$ 8,476,986	\$ 4,033,682	\$ 228,969	\$ 12,739,637	\$ 28,530
Unrestricted	425,834	3,422,104	123,199	3,971,137	40,279
Total net position	\$ 8,902,820	\$ 7,455,786	\$ 352,168	\$ 16,710,774	\$ 68,809

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

City of Radford, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds				Internal
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	Service Funds
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 2,304,495	\$ -	\$ -	\$ 2,304,495	\$ -
Electric sales	-	18,894,701	-	18,894,701	-
Sanitation charges	-	-	1,517,791	1,517,791	-
Internal service charges	-	-	-	-	683,772
Sewer sales	2,274,333	-	-	2,274,333	-
Tap fees	8,115	-	-	8,115	-
Connection fees	59,405	-	-	59,405	-
Availability fees	124,431	-	-	124,431	-
Penalties	90,244	211,090	-	301,334	-
Miscellaneous revenue	2,714	49,323	-	52,037	-
Other revenues	-	67,507	-	67,507	-
Total operating revenues	\$ 4,863,737	\$ 19,222,621	\$ 1,517,791	\$ 25,604,149	\$ 683,772
OPERATING EXPENSES					
Personnel	\$ 1,382,423	\$ 2,228,276	\$ 597,128	\$ 4,207,827	\$ 180,304
Professional services	181,667	147,246	1,164	330,077	8,809
Automotive expenses	66,465	43,447	148,218	258,130	327,665
Office supplies and expenses	1,387	4,190	9	5,586	541
Risk management	25,218	23,437	9,383	58,038	3,732
Postal services	455	128	49	632	-
Telecommunications	30,708	21,385	834	52,927	897
Conferences and education	2,336	2,277	-	4,613	805
Advertising	581	-	-	581	-
Dues and memberships	529	38,278	-	38,807	-
Heating service	4,905	-	-	4,905	1,790
Repairs and maintenance	261,103	203,137	-	464,240	90,330
Janitorial supplies	2,218	1,850	100	4,168	1,122
Tools	9,500	46,349	-	55,849	6,320
Lease/rentals	29,531	4,190	-	33,721	-
Agricultural supplies	2,870	-	-	2,870	-
Uniforms	13,296	17,455	1,799	32,550	793
Building expenses	2,893	-	4,238	7,131	23,508
Solid waste services	2,304	3,048	-	5,352	-
Electrical service	357,199	1,054	-	358,253	24,611
Water and waste services	644	694	-	1,338	557
Refuse hauling	-	-	80,607	80,607	-
Supplies	2,512	-	-	2,512	-
Purchase of electricity	-	12,424,346	-	12,424,346	-
Services from other governments	1,781,299	-	190,041	1,971,340	-
Payment in lieu of taxes	503,651	754,807	198,089	1,456,547	-
Miscellaneous	1,930	20,230	603	22,763	-
Chemicals and gases	96,839	-	-	96,839	4,084
Depreciation	761,615	732,533	100,337	1,594,485	5,851
Total operating expenses	\$ 5,526,078	\$ 16,718,357	\$ 1,332,599	\$ 23,577,034	\$ 681,719
Operating income (loss)	\$ (662,341)	\$ 2,504,264	\$ 185,192	\$ 2,027,115	\$ 2,053
NONOPERATING REVENUES (EXPENSES)					
Interest income	\$ 47,155	\$ 16,362	\$ 1,755	\$ 65,272	\$ -
Gain on disposal of surplus	12,070	-	-	12,070	-
Interest expense	(4,544)	(39,800)	(19,804)	(64,148)	-
Total nonoperating revenues (expenses)	\$ 54,681	\$ (23,438)	\$ (18,049)	\$ 13,194	\$ -
Income (loss) before transfers	\$ (607,660)	\$ 2,480,826	\$ 167,143	\$ 2,040,309	\$ 2,053
Transfers in	-	-	-	-	4,118
Transfers out	(4,118)	(4,079,599)	-	(4,083,717)	-
Change in net position	\$ (611,778)	\$ (1,598,773)	\$ 167,143	\$ (2,043,408)	\$ 6,171
Net position - beginning	9,514,598	9,054,559	185,025	18,754,182	62,638
Net position - ending	\$ 8,902,820	\$ 7,455,786	\$ 352,168	\$ 16,710,774	\$ 68,809

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

City of Radford, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	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	\$ 4,871,084	\$ 19,363,646	\$ 1,510,591	\$ 25,745,321	\$ -
Receipts from interfund services	-	-	-	-	684,041
Payments to suppliers	(3,398,334)	(12,631,023)	(635,070)	(16,664,427)	(479,561)
Payments to employees	(1,382,391)	(2,181,059)	(586,942)	(4,150,392)	(185,208)
Net cash provided by (used for) by operating activities	\$ 90,359	\$ 4,551,564	\$ 288,579	\$ 4,930,502	\$ 19,272
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	\$ -	\$ (4,079,599)	\$ -	\$ (4,079,599)	\$ -
Net cash provided by (used for) by noncapital financing activities	\$ -	\$ (4,079,599)	\$ -	\$ (4,079,599)	\$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	\$ (112,376)	\$ (231,904)	\$ (215,090)	\$ (559,370)	\$ -
Proceeds from the sale of assets	12,070	-	-	12,070	-
Principal payments to Pulaski County PSA	-	-	(18,425)	(18,425)	-
Principal payments on bonds	(88,903)	(114,528)	-	(203,431)	-
Principal payments on capital lease	(66,422)	-	(74,490)	(140,912)	-
Proceeds of capital lease	-	-	185,817	185,817	-
Interest expense	(4,544)	(40,852)	(18,230)	(63,626)	-
Net cash provided by (used for) by capital and related financing activities	\$ (260,175)	\$ (387,284)	\$ (140,418)	\$ (787,877)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	\$ 47,155	\$ 16,362	\$ 1,755	\$ 65,272	\$ -
Net cash provided by (used for) by investing activities	\$ 47,155	\$ 16,362	\$ 1,755	\$ 65,272	\$ -
Net increase (decrease) in cash and cash equivalents	\$ (122,661)	\$ 101,043	\$ 149,916	\$ 128,298	\$ 19,272
Cash and cash equivalents - beginning	895,538	4,235,427	543,047	5,674,012	76,332
Cash and cash equivalents - ending	\$ 772,877	\$ 4,336,470	\$ 692,963	\$ 5,802,310	\$ 95,604
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:					
Operating income (loss)	\$ (662,341)	\$ 2,504,264	\$ 185,192	\$ 2,027,115	\$ 2,053
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	\$ 761,615	\$ 732,533	\$ 100,337	\$ 1,594,485	\$ 5,851
(Increase) decrease in accounts receivable	7,179	127,945	(7,200)	127,924	269
(Increase) decrease in inventories	5,565	16,826	-	22,391	21,230
(Increase) decrease in prepaid items	(45)	-	-	(45)	(1,341)
(Increase) decrease in deferred outflows of resources	(95,478)	(155,183)	(39,144)	(289,805)	(9,837)
Increase (decrease) in customer deposits	168	13,080	-	13,248	-
Increase (decrease) in operating payables	(21,814)	1,109,699	64	1,087,949	(3,886)
Increase (decrease) in salaries and wages payable	5,832	1,050	(1,159)	5,723	(28)
Increase (decrease) in compensated absences	20,138	31,880	9,921	61,939	4,144
Increase (decrease) in net pension liability	106,578	191,000	49,880	347,458	(6,382)
Increase (decrease) in net OPEB liabilities	13,913	1,539	279	15,731	(3,928)
Increase (decrease) in deferred inflows of resources	(50,951)	(23,069)	(9,591)	(83,611)	11,127
Total adjustments	\$ 752,700	\$ 2,047,300	\$ 103,387	\$ 2,903,387	\$ 17,219
Net cash provided by (used for) by operating activities	\$ 90,359	\$ 4,551,564	\$ 288,579	\$ 4,930,502	\$ 19,272
Schedule of non-cash capital activities					
Transfer of capital assets (at net book value)	\$ (4,118)	\$ -	\$ -	\$ (4,118)	\$ 4,118

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

City of Radford, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 118,760
Total assets	<u>\$ 118,760</u>
LIABILITIES	
Amounts held for social services clients	\$ 1,128
Amounts held for Highlander Festival	46,481
Amounts held for CSA program	64,719
Amounts held for employees - Cafeteria Plan Fund	6,432
Total liabilities	<u><u>\$ 118,760</u></u>

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

CITY OF RADFORD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

Blended component units - None

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

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

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

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

Jointly Governed Organizations - The City jointly governs the Pepper's Ferry Regional Wastewater Treatment Authority with the Board of Supervisors for the Counties of Pulaski and Montgomery and the Town Councils of the Towns of Dublin and Pulaski. The Authority was created to operate a wastewater equalization, pumping, treatment, and disposal system for its members. The City appoints two members to the Authority's board of directors. During the current fiscal year, the City paid \$1,781,299 to the Pepper's Ferry Regional Wastewater Treatment Authority.

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

A. Financial Reporting Entity (Continued)

The City is also a member of the New River Resource Authority, which it jointly governs with the County of Pulaski, the Town of Pulaski, the Town of Dublin, and Counties of Montgomery and Giles. The City appoints two members to the Authority's seven-member board of directors. The City paid \$165,336 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 \$705,876 to the New River Regional Jail Authority for incarceration services.

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

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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 when they have been earned and 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 principal and interest expenditures on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

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

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

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

3. Receivables and payables

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$2,383,741 at June 30, 2020. The allowance consists of delinquent taxes in the amount of \$101,092, delinquent ambulance bills of \$93,134, delinquent utility tax bills of \$45,058, delinquent parking tickets of \$66,979, delinquent water and sewer bills of \$296,596, delinquent solid waste fees of \$124,773, and delinquent electric bills of \$1,656,109.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

7. Capital assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liabilities and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

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

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

8. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes and ambulance billings receivables are reported in the governmental funds balance sheet. These amounts are comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th; amounts prepaid on the 2nd half installments and uncollected ambulance billings due prior to June 30. Under the modified accrual basis of accounting, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability and net OPEB liabilities are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

9. Compensated Absences

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

10. Pensions

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

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

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

11. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and LODA OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. 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.

13. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

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

14. 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.

15. 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.

16. Fund balance

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments general only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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

16. Fund balance (Continued)

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. By April 1, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All of the City's funds, excluding fiduciary funds, have legally adopted budgets.
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.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all City units.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is part of the City's accounting system.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

- B. Excess of expenditures over appropriations - For the year ended June 30, 2020, the water and sewer and capital projects funds' expenditures exceeded appropriations.
- C. Deficit fund balance - At June 30, 2020, no funds carried a negative fund balance; however, the Grants Fund and Capital Projects Fund reported reconciled overdrafts (negative cash) at year end.

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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Interest Rate Risk

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

Investment Maturities (in years)		
Investment Type	Fair Value	1 Year
Local Government Investment Pool	\$ 3,637,770	\$ 3,637,770
Totals	\$ 3,637,770	\$ 3,637,770

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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, 2020 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	\$ 3,637,770

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis. There are no withdrawal limitations or restrictions imposed on participants.

Note 4-Due from Other Governmental Units:

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

	Primary Government
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 200,380
Local communication tax	101,477
Categorical aid-other	326,597
Non-categorical aid	28,312
Categorical aid-Virginia Public Assistance	34,386
Categorical aid-Comprehensive Services Act	220,924
<u>Federal Government:</u>	
Categorical aid-Virginia Public Assistance	74,538
Categorical aid-other	298,478
Total	<u>\$ 1,285,092</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2020, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 4,079,599	\$ 321,509
Grants Fund	25,438	-
Transit Fund	174,737	-
Capital Projects Fund	121,334	-
Highway Maintenance Fund	-	-
Electric Fund	-	4,079,599
Asset Transfers*	4,118	4,118
Total	<u>\$ 4,405,226</u>	<u>\$ 4,405,226</u>

*Assets with net book value of \$4,118 were transferred from the Water and Sewer Fund to the Internal Service Fund.

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

Interfund balances at year end represent amounts that have been transferred between funds in a lending or borrowing capacity and are expected to be repaid by current administration. At June 30, 2020, there were no interfund balances.

Note 6-Component-Unit Contribution and Obligations:

Component unit contributions for the year ended June 30, 2020, consisted of the following:

Component Unit:	
School Board	<u>\$ 6,225,677</u>

At year end, there was a due to the Component Unit-School Board of \$123,721 related to the McHarg renovation project.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 7- Long-Term Obligations:Primary Government - Governmental Activities Indebtedness (including internal service fund):

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2020.

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 17,234,066	\$ 807,064	\$ (773,225)	\$ 17,267,905
Unamortized Premium	667,984	-	(68,282)	599,702
Capital Leases	644,795	-	(81,817)	562,978
Net OPEB Liabilities	2,398,761	1,178,868	(654,083)	2,923,546
Compensated Absences	774,584	685,255	(580,938)	878,901
Net Pension Liability	4,884,595	5,141,509	(3,847,591)	6,178,513
Total	<u>\$ 26,604,785</u>	<u>\$ 7,812,696</u>	<u>\$ (6,005,936)</u>	<u>\$ 28,411,545</u>

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,	Direct Borrowings and Placements:	
	General Obligation Bonds	
	Principal	Interest
2021	\$ 801,088	\$ 711,255
2022	1,646,447	674,648
2023	873,134	614,549
2024	912,366	568,925
2025	952,106	521,834
2026-2030	5,027,764	1,842,317
2031-2035	3,920,000	879,072
2036-2040	2,300,000	395,963
2041-2043	835,000	29,994
Totals	<u>\$ 17,267,905</u>	<u>\$ 6,238,557</u>

CITY OF RADFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 7-Long-Term Obligations: (Continued)****Primary Government - Governmental Activities Indebtedness (including internal service fund):
(Continued)**

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General Obligation Bonds:						
GO Bond - VPSA	4.6-5.1%	5/15/2008	2034	\$ 8,120,000	\$ 5,735,000	\$ 290,000
GO Bond - VPSA	3.6-5.35%	12/11/2008	2029	5,797,690	2,955,841	291,088
GO Bond - VRA	3.22%	12/6/2012	2043	2,885,000	2,575,000	70,000
GO Bond - VRA	3.089-5.125%	5/13/2015	2041	5,875,000	5,195,000	150,000
Bond Anticipation Note (1)	1.99%	11/15/2019	2022	4,000,000	807,064	-
Subtotal General Obligation Bonds					\$ 17,267,905	\$ 801,088
Add: Bond Premium	n/a	n/a	n/a	n/a	\$ 46,112	\$ -
Bond Premium	n/a	n/a	n/a	n/a	91,439	-
Bond Premium	n/a	n/a	n/a	n/a	97,101	-
Bond Premium	n/a	n/a	n/a	n/a	365,050	-
Total Bond Premium					\$ 599,702	\$ -
Total Direct Borrowings and Placements					\$ 17,867,607	\$ 801,088
Other Obligations:						
Capital Lease	3.85%	2/12/2018	2027	560,290	442,397	56,267
Capital Lease	4.05%	3/25/2019	2024	148,217	120,581	28,373
Net OPEB Liabilities	n/a	n/a	n/a	n/a	2,923,546	-
Compensated Absences	n/a	n/a	n/a	n/a	878,901	659,176
Net Pension Liability	n/a	n/a	n/a	n/a	6,178,513	-
Total Long-term Obligations - Governmental Activities					\$ 28,411,545	\$ 1,544,904

(1) As of June 30, 2020, only \$807,064 has been drawn down.

The City's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the City's State aid is redirected to bond holders to cure any event(s) of default.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 7-Long-Term Obligations: (Continued)

Primary Government - Business-type Activities Indebtedness:

The following is a summary of long-term debt transactions of the Enterprise Funds for the year ended June 30, 2020.

	Balance July 1, 2019	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2020
Direct Borrowings and Placements:				
Revenue Bonds	\$ 700,610	\$ -	\$ (38,437)	\$ 662,173
General Obligation Bonds	1,710,774	-	(164,994)	1,545,780
Capital Lease	241,663	185,817	(140,912)	286,568
Due to Pulaski County PSA	358,484	-	(18,425)	340,059
Net OPEB Liabilities	391,073	92,249	(76,518)	406,804
Compensated Absences	215,035	223,215	(161,276)	276,974
Net Pension Liability	1,437,745	1,479,949	(1,132,491)	1,785,203
Total	<u>\$ 5,055,384</u>	<u>\$ 1,981,230</u>	<u>\$ (1,733,053)</u>	<u>\$ 5,303,561</u>

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 and Sewer Fund				
Direct Borrowings and Placements:				
Year Ending June 30,	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 38,437	\$ -	\$ 9,951	\$ -
2022	38,437	-	9,951	-
2023	38,437	-	9,951	-
2024	38,437	-	9,951	-
2025	38,437	-	4,976	-
2026-2030	154,450	-	-	-
2031-2035	150,258	-	-	-
2036-2040	150,258	-	-	-
2041	15,022	-	-	-
Totals	<u>\$ 662,173</u>	<u>\$ -</u>	<u>\$ 44,780</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 7-Long-Term Obligations: (Continued)Primary Government - Business-type Activities Indebtedness: (Continued)

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

Year Ending June 30,	Electric Fund	
	Direct Borrowings and Placements	
	General Obligation Bonds	
	Principal	Interest
2021	\$ 98,000	\$ 38,188
2022	101,000	35,571
2023	103,000	32,888
2024	106,000	30,140
2025	109,000	27,313
2026-2030	590,000	91,393
2031-2033	394,000	15,727
Totals	<u>\$ 1,501,000</u>	<u>\$ 271,220</u>

Year Ending June 30,	Solid Waste Fund	
	Due to Pulaski County PSA	
	Principal	Interest
2021	\$ 36,709	\$ 13,108
2022	18,280	12,339
2023	18,227	11,572
2024	18,171	10,808
2025	18,113	10,047
2026-2030	89,566	38,932
2031-2035	87,502	20,498
2036-2039	53,491	3,785
Totals	<u>\$ 340,059</u>	<u>\$ 121,089</u>

CITY OF RADFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 7-Long-Term Obligations: (Continued)****Primary Government - Business-type Activities Indebtedness: (Continued)****Details of long-term indebtedness:**

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Water and Sewer Fund						
Direct Borrowings and Placements:						
Revenue Bonds:						
Revenue Bond-VRA	0.00%	9/29/2005	2026	\$ 167,700	\$ 46,117	\$ 8,385
Revenue Bond-VRA	0.00%	1/1/2010	2041	901,546	616,056	30,052
Total Revenue Bonds					<u>\$ 662,173</u>	<u>\$ 38,437</u>
General Obligation Bonds:						
GO Bond-VRA	0.00%	7/30/2004	2024	\$ 337,660	\$ 44,780	\$ 9,951
Total Direct Borrowings and Placements					<u>\$ 706,953</u>	<u>\$ 48,388</u>
Other Obligations:						
Capital Lease	3.19%	6/15/2016	2021	\$ 325,376	\$ 68,540	\$ 68,540
Net OPEB Liabilities	n/a	n/a	n/a	n/a	117,213	-
Compensated Absences	n/a	n/a	n/a	n/a	71,853	53,890
Net Pension Liability	n/a	n/a	n/a	n/a	481,638	-
Total Other Obligations					<u>\$ 739,244</u>	<u>\$ 122,430</u>
Total Long-term Obligations-Water and Sewer Fund					<u>\$ 1,446,197</u>	<u>\$ 170,818</u>
Electric Fund						
Direct Borrowings and Placements:						
General Obligation Bonds:						
GO Bond	2.63%	7/11/2017	2033	1,690,000	\$ 1,501,000	\$ 98,000
Total Direct Borrowings and Placements					<u>\$ 1,501,000</u>	<u>\$ 98,000</u>
Other Obligations:						
Net OPEB Liabilities	n/a	n/a	n/a	n/a	\$ 230,963	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	177,096	132,822
Net Pension Liability	n/a	n/a	n/a	n/a	1,038,548	-
Total Other Obligations					<u>\$ 1,446,607</u>	<u>\$ 132,822</u>
Total Long-term Obligations-Electric Fund					<u>\$ 2,947,607</u>	<u>\$ 230,822</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 7-Long-Term Obligations: (Continued)**Primary Government - Business-type Activities Indebtedness: (Continued)****Details of long-term indebtedness:**

Solid Waste Fund

Other Obligations:

Due to Pulaski County PSA	n/a	n/a	n/a	n/a	\$	340,059	\$	36,709
Capital Lease	3.34%	10/12/2017	2022	\$	177,963	72,296		35,554
Capital Lease	3.93%	1/10/2020	2024	\$	185,817	145,732		34,352
Net OPEB Liabilities	n/a	n/a	n/a	n/a		58,628		-
Compensated Absences	n/a	n/a	n/a	n/a		28,025		21,019
Net Pension Liability	n/a	n/a	n/a	n/a		265,017		-
Total Other Obligations					\$	909,757	\$	127,634
Total Long-term Obligations-Solid Waste Fund					\$	909,757	\$	127,634
Total Long-term Obligations - Business-type Activities					\$	5,303,561	\$	529,274

The City's revenue and general obligation bonds are subject to the state aid intercept program. Under terms of the program, the City's State aid is redirected to bond holders to cure any event(s) of default.

Note 8-Pension Plan:**Plan Description**

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

Note 8-Pension Plan: (Continued)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 8-Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plan: (Continued)***Employees Covered by Benefit Terms***

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	183
Inactive members:	
Vested inactive members	42
Non-vested inactive members	32
Inactive members active elsewhere in VRS	<u>107</u>
Total inactive members	181
Active members	<u>221</u>
Total covered employees	<u><u>585</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The City's contractually required employer contribution rate for the year ended June 30, 2020 was 10.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$1,152,021 and \$1,071,431 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The City's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plan: (Continued)***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related
Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plan: (Continued)***Actuarial Assumptions - General Employees (Continued)***

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plan: (Continued)***Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)***

Mortality rates:

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.63%</u>

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plan: (Continued)**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the City was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 54,342,287	\$ 48,019,947	\$ 6,322,340
Changes for the year:			
Service cost	\$ 1,149,164	\$ -	\$ 1,149,164
Interest	3,709,097	-	3,709,097
Changes of assumptions	1,677,257	-	1,677,257
Differences between expected and actual experience	(180,931)	-	(180,931)
Contributions - employer	-	1,071,431	(1,071,431)
Contributions - employee	-	509,906	(509,906)
Net investment income	-	3,165,741	(3,165,741)
Benefit payments	(2,710,381)	(2,710,381)	-
Administrative expenses	-	(31,870)	31,870
Other changes	-	(1,997)	1,997
Net changes	\$ 3,644,206	\$ 2,002,830	\$ 1,641,376
Balances at June 30, 2019	\$ 57,986,493	\$ 50,022,777	\$ 7,963,716

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 8-Pension Plan: (Continued)***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the City using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
City's Net Pension Liability \$	15,593,694 \$	7,963,716 \$	1,867,210

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

For the year ended June 30, 2020, the City recognized pension expense of \$1,378,123. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	128,947 \$	265,181
Change in assumptions	1,170,533	40,071
Change in proportionate shares	67,652	67,652
Net difference between projected and actual earnings on pension plan investments	-	428,542
Employer contributions subsequent to the measurement date	1,152,021	-
Total	\$ 2,519,153	\$ 801,446

Note 8-Pension Plan: (Continued)***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

\$1,152,021 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>		
2021	\$	355,815
2022		48,752
2023		130,130
2024		30,989
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 9-Other Postemployment Benefits-Health Insurance:***Plan Description***

In addition to the pension benefits described in Note 8, the City administers a single-employer defined benefit healthcare plan, The Radford City OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the City's pension plans.

Benefits Provided

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 (prior to June 30, 2009) 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Plan Membership

At July 1, 2018 (valuation date), the following employees were covered by the benefit terms:

Total active employees	229
Total retirees	8
Total	<u>237</u>

Contributions

The City does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the City Council. The City made benefits payments of \$82,853 the year ended June 30, 2020.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2018 and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00%
Salary Increases	2.00%
Discount Rate	2.21%

The mortality rates were calculated using the RPH-2014 generational table with projection scale MP-2018.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate was based on the Bond Buyer's 20 Bond Index.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Other Postemployment Benefits-Health Insurance: (Continued)***Changes in Total OPEB Liability***

		Primary Government Total OPEB Liability
Balances at June 30, 2019	\$	640,834
Changes for the year:		
Service cost		15,182
Interest		21,523
Changes in assumptions and other inputs		43,072
Benefit payments		(82,853)
Net changes		(3,076)
Balances at June 30, 2020	\$	<u>637,758</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

Rate		
1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
\$ 756,841	\$ 637,758	\$ 604,060

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 9-Other Postemployment Benefits-Health Insurance: (Continued)***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.75% decreasing to 3.75%) or one percentage point higher (7.75% decreasing to 5.75%) than the current healthcare cost trend rates:

Rates		
1% Decrease (5.75% decreasing to 3.75%)	Healthcare Cost Trend (6.75% decreasing to 4.75%)	1% Increase (7.75% decreasing to 5.75%)
\$ 589,888	\$ 637,758	\$ 692,570

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the City recognized OPEB expense in the amount of \$49,260. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,035
Change in assumptions	84,203	-
Total	\$ 84,203	\$ 2,035

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30

2021	\$ 12,555
2022	12,555
2023	12,555
2024	12,555
2025	12,555
Thereafter	19,393

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

Additional disclosures on changes in total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of GLI Plan OPEB.

The specific information for GLI Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$59,222 and \$54,748 for the years ended June 30, 2020 and June 30, 2019, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2020, the entity reported a liability of \$874,005 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.05371% as compared to 0.05339% at June 30, 2018.

For the year ended June 30, 2020 the participating employer recognized GLI OPEB expense of \$15,886. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)***

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 58,127	\$ 11,337
Net difference between projected and actual earnings on GLI OPEB plan investments	-	17,953
Change in assumptions	55,180	26,355
Changes in proportion	4,269	19,849
Employer contributions subsequent to the measurement date	<u>59,222</u>	<u>-</u>
Total	<u>\$ 176,798</u>	<u>\$ 75,494</u>

\$59,222 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30

2021	\$ (1,219)
2022	(1,218)
2023	6,385
2024	14,930
2025	17,934
Thereafter	5,270

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Non-Largest Ten Locality Employers - General Employees**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and Retirement Rates	Updated to a more current mortality table - RP-2014 projected to 2020
Withdrawal Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Disability Rates	Adjusted termination rates to better fit experience at each age and service year
Salary Scale	Lowered disability rates
Line of Duty Disability	No change
Discount Rate	Increased rate from 14.00% to 15.00%
	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
City's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 1,148,201	\$ 847,005	\$ 651,640

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	71
Active members	174
Total covered employees	<u><u>245</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The City's contractually required employer contribution rate for the year ended June 30, 2020 was 0.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City to the HIC Plan were \$29,924 and \$27,628 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net HIC OPEB Liability

The City's net HIC OPEB liability was measured as of June 30, 2019. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly the 40th percentile of expected long-term results of the VRS fund asset allocation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)****Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 486,000	\$ 209,000	\$ 277,000
Changes for the year:			
Service cost	\$ 8,047	\$ -	\$ 8,047
Interest	32,809	-	32,809
Differences between expected and actual experience	(2,990)	-	(2,990)
Assumption changes	11,232	-	11,232
Contributions - employer	-	27,628	(27,628)
Net investment income	-	13,074	(13,074)
Benefit payments	(34,904)	(34,904)	-
Administrative expenses	-	(285)	285
Other changes	150	194	(44)
Net changes	\$ 14,344	\$ 5,707	\$ 8,637
Balances at June 30, 2019	\$ 500,344	\$ 214,707	\$ 285,637

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Sensitivity of the City's HIC Net OPEB Liability to Changes in the Discount Rate***

The following presents the City's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the City's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
City's			
Net HIC OPEB Liability	\$ 335,210	\$ 285,637	\$ 243,154

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Plan OPEB

For the year ended June 30, 2020, the City recognized HIC Program OPEB expense of \$23,847. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the City's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,186
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,628
Change in assumptions	9,449	5,573
Employer contributions subsequent to the measurement date	29,924	-
Total	\$ 39,373	\$ 15,387

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)

\$29,924 reported as deferred outflows of resources related to the HIC OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2021	\$	(2,929)
2022		(2,931)
2023		(1,206)
2024		(207)
2025		941
Thereafter		394

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12-Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

Note 12- Line of Duty Act (LODA) Program: (Continued)

Plan Description (Continued)

The specific information for the LODA Program OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2020 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$60,520 and \$57,344 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12- Line of Duty Act (LODA) Program: (Continued)***LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB***

At June 30, 2020, the entity reported a liability of \$1,532,950 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2019 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2019, the entity's proportion was 0.4273% as compared to 0.3383% at June 30, 2018.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$166,438. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 222,813	\$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	3,035
Change in assumptions	71,927	132,889
Change in proportion	301,818	-
Employer contributions subsequent to the measurement date	<u>60,520</u>	<u>-</u>
Total	<u>\$ 657,078</u>	<u>\$ 135,924</u>

Note 12- Line of Duty Act (LODA) Program: (Continued)***LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)***

\$60,520 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30

2021	\$	59,386
2022		59,392
2023		59,861
2024		60,361
2025		60,509
Thereafter		161,125

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.75%
Ages 65 and older	5.50%-4.75%
Year of ultimate trend rate:	
Post-65	Fiscal year ended 2023
Pre-65	Fiscal year ended 2028
Investment rate of return	3.50%, including inflation*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12- Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions (Continued)

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12- Line of Duty Act (LODA) Program: (Continued)***Net LODA OPEB Liability***

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 361,626
Plan Fiduciary Net Position	2,839
LODA Net OPEB Liability (Asset)	<u>\$ 358,787</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.79%

The total LODA OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2019.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Note 12- Line of Duty Act (LODA) Program: (Continued)***Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate***

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.50%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

	Discount Rate		
	1% Decrease (2.50%)	Current (3.50%)	1% Increase (4.50%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 1,778,331	\$ 1,532,950	\$ 1,338,869

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.75% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 3.75%)	Current (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
City's proportionate share of the LODA Net OPEB Liability	\$ 1,296,094	\$ 1,532,950	\$ 1,831,650

LODA OPEB Fiduciary Net Position

Detailed information about the Line of Duty Act Program Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 13-Aggregate OPEB Information:

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities, and OPEB expense for the year ended June 30, 2020.

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan	\$ 176,798	\$ 75,494	\$ 874,005	\$ 15,886
City Health Insurance Credit Plan	39,373	15,387	285,637	23,847
Line of Duty Act Program	657,078	135,924	1,532,950	166,438
City Stand-Alone Plan	84,203	2,035	637,758	49,260
Totals	<u>\$ 957,452</u>	<u>\$ 228,840</u>	<u>\$ 3,330,350</u>	<u>\$ 255,431</u>

Note 14-Unavailable/Deferred Revenue:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 443,712
Tax assessments due after June 30	3,300,208	3,300,208
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	184,817	184,817
Ambulance billings	-	36,495
Total unavailable/deferred revenue	<u>\$ 3,485,025</u>	<u>\$ 3,965,232</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 15-Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$1,371,413 is comprised of the following:

Unearned revenue:

Unspent Coronavirus Relief Funds received during the current fiscal year	\$	966,643
Booth rentals and donations for the City's July 4th celebration received in advance of year end		27,550
Unspent Department of Rail and Public Transportation grant funds received during the current fiscal year		21,811
Unspent Radford University contributions received during the current fiscal year for transit services		104,719
Grant revenue received in advance		<u>690</u>
Total unearned revenue	\$	<u><u>1,121,413</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 16-Capital Assets:

Capital asset activity for the year ended June 30, 2020 was as follows:

Primary Government: (including internal service fund)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,836,562	\$ 14,407	\$ -	\$ 2,850,969
Construction in progress	100,173	879,486	(13,130)	966,529
Total capital assets not being depreciated	<u>\$ 2,936,735</u>	<u>\$ 893,893</u>	<u>\$ (13,130)</u>	<u>\$ 3,817,498</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 38,310,007	\$ 26,373	\$ -	\$ 38,336,380
Infrastructure	57,177,772	-	-	57,177,772
Machinery and equipment	15,249,416	518,619	(36,469)	15,731,566
Total capital assets being depreciated	<u>\$ 110,737,195</u>	<u>\$ 544,992</u>	<u>\$ (36,469)</u>	<u>\$ 111,245,718</u>
Accumulated depreciation:				
Buildings and improvements	\$ (10,647,672)	\$ (833,112)	\$ -	\$ (11,480,784)
Infrastructure	(34,390,348)	(921,178)	-	(35,311,526)
Machinery and equipment	(9,132,237)	(1,207,158)	36,469	(10,302,926)
Total accumulated depreciation	<u>\$ (54,170,257)</u>	<u>\$ (2,961,448)</u>	<u>\$ 36,469</u>	<u>\$ (57,095,236)</u>
Total capital assets being depreciated, net	<u>\$ 56,566,938</u>	<u>\$ (2,416,456)</u>	<u>\$ -</u>	<u>\$ 54,150,482</u>
Governmental activities capital assets, net	<u>\$ 59,503,673</u>	<u>\$ (1,522,563)</u>	<u>\$ (13,130)</u>	<u>\$ 57,967,980</u>

Asset additions include an asset transferred from the water and sewer fund of \$17,770. Depreciation additions include accumulated depreciation on the asset transferred from the water and sewer fund of \$13,652.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 16-Capital Assets: (Continued)

	Balance	Increases	Decreases	Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 712,498	\$ -	\$ -	\$ 712,498
Total capital assets not being depreciated	<u>\$ 712,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 712,498</u>
Capital assets, being depreciated:				
Buildings and structures	\$ 576,117	\$ 29,273	\$ -	\$ 605,390
Plant and infrastructure	50,078,119	322,441	-	50,400,560
Machinery and equipment	5,362,885	207,656	(17,770)	5,552,771
Total capital assets being depreciated	<u>\$ 56,017,121</u>	<u>\$ 559,370</u>	<u>\$ (17,770)</u>	<u>\$ 56,558,721</u>
Accumulated depreciation:				
Buildings and structures	\$ (255,797)	\$ (18,979)	\$ -	\$ (274,776)
Plant and infrastructure	(36,357,244)	(1,241,633)	-	(37,598,877)
Machinery and equipment	(3,843,187)	(333,873)	13,652	(4,163,408)
Total accumulated depreciation	<u>\$ (40,456,228)</u>	<u>\$ (1,594,485)</u>	<u>\$ 13,652</u>	<u>\$ (42,037,061)</u>
Total capital assets being depreciated, net	<u>\$ 15,560,893</u>	<u>\$ (1,035,115)</u>	<u>\$ (4,118)</u>	<u>\$ 14,521,660</u>
Business-type activities capital assets, net	<u>\$ 16,273,391</u>	<u>\$ (1,035,115)</u>	<u>\$ (4,118)</u>	<u>\$ 15,234,158</u>

Asset deletions include an asset transferred to the internal service fund of \$17,770. Depreciation deletions includes accumulated depreciation on the asset transferred to the internal service fund of \$13,652.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 16-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:

General government administration	\$ 188,539
Judicial administration	8,349
Public safety	538,835
Public works	1,019,125
Health and welfare	17,716
Education	279,116
Parks, recreation, and cultural	330,993
Community Development	559,272
Internal service funds	<u>5,851</u>

Total depreciation expense-governmental activities	<u>\$ 2,947,796</u>
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Business type activities:

Water and Sewer Fund	\$ 761,615
Electric Fund	732,533
Solid Waste Fund	<u>100,337</u>

Total depreciation expense-business type activities	<u>\$ 1,594,485</u>
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 17-Capital Leases:

The City has entered into lease agreements to finance the acquisition of a fire truck, three freightliners (Vactor and Refuse Trucks), and an ambulance. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments at the date of inception.

The cost and accumulated depreciation associated with the assets acquired through the capital leases are as follows:

	Fire Truck*	Vactor Truck	Refuse Truck	Ambulance**	Refuse Truck
Machinery & Equipment	\$ 860,290	\$ 325,376	\$ 177,962	\$ 270,821	\$ 185,817
Accumulated Depreciation	(81,928)	(86,410)	(45,929)	(87,998)	-
Total	<u>\$ 778,362</u>	<u>\$ 238,966</u>	<u>\$ 132,033</u>	<u>\$ 182,823</u>	<u>\$ 185,817</u>

*Total cost of the fire truck was \$860,290. The amount financed through capital lease was \$560,290.

**Total cost of the ambulance was \$270,821. The amount financed through capital lease was \$148,217.

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

Fiscal Year Ended	Leases
2021	\$ 255,340
2022	184,615
2023	146,646
2024	146,646
2025	73,299
2026-2027	146,599
Total minimum lease payments	<u>\$ 953,145</u>
Less: amount representing interest	<u>(103,599)</u>
Present value of minimum lease payments	<u>\$ 849,546</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 18-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 19-Contingent Liabilities:

Federal programs in which the City and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 20-Surety Bonds:

Primary Government:

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

Note 21-Commitments and Contingencies:

The City leases the Farmer's Market lot, which it uses to provide additional public parking downtown. The lease terms call for monthly payments of \$3,500 with potential increases at every five-year renewal. The rental increases will be based on the consumer price index. The renewal terms will expire in 2022.

The City leases the old Hardee's lot across from the theater downtown, which it uses to provide additional public parking downtown. The lease terms call for an annual payments of \$18,526 with potential increases each year. The rental increases will be based on the consumer price index. The City may renew the lease annually after the current lease expires.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 21-Commitments and Contingencies: (Continued)

The City leases the parking spaces on Main Street in front of the Norfolk Southern office, which it uses to provide additional public parking downtown. The lease terms call for monthly payments of \$500 with potential increases each year. The rental increases will be based on the consumer price index. The City may renew the lease annually after the current lease expires.

The City has entered into a contract, in the amount of \$515,153, with Whitman Requardt & Associates, LLP for preliminary engineering for the Tyler East Main Connector Project. At June 30, 2020, the outstanding amount of the contract was \$281,683.

Note 22-Arbitrage Rebate Compliance:

As of June 30, 2020, and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

Note 23-Restatement:

The financial statements have been restated as follows:

	Highway Maintenance Fund
Fund Balance, as previously stated	\$ 1,561,433
To correct receivable balances	(50,951)
Fund Balance, as restated	<u>\$ 1,510,482</u>
	Governmental Activities
Net Position, as previously reported	\$ 40,389,591
Above correction of receivable balances	(50,951)
Net Position, as restated	<u>\$ 40,338,640</u>

Note 24-Litigation:

At June 30, 2020, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 25-Nonspendable, Restricted, and Committed Fund Balance:

Governmental Activities/Funds:	General Fund	Highway Maintenance Fund	Total
Nonspendable:			
Prepaid items	\$ 50,977	\$ -	\$ 50,977
Total nonspendable balances	\$ 50,977	\$ -	\$ 50,977
Restricted:			
Hazmat operations	\$ 73,224	\$ -	\$ 73,224
Fire donations	133,383	-	133,383
Police department	71,821	-	71,821
Four for life program	1,881	-	1,881
Fire programs	629,112	-	629,112
Recreation donations	26,407	-	26,407
Library donations	6,070	-	6,070
Courthouse maintenance	18,469	-	18,469
Law library	22,233	-	22,233
Beautification donations	25	-	25
Courtroom security	11,605	-	11,605
Inmate booking	16,982	-	16,982
Highway maintenance	-	1,166,356	1,166,356
Total restricted balances	\$ 1,011,212	\$ 1,166,356	\$ 2,177,568
Committed funds:			
Library fines/copier fees/donations	\$ 112,980	\$ -	\$ 112,980
Project lifesaver	1,848	-	1,848
Volunteer service awards	88,525	-	88,525
DMV revenues	173,426	-	173,426
School Board	1,461,591	-	1,461,591
Total committed balances	\$ 1,838,370	\$ -	\$ 1,838,370

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 26-COVID-19 Pandemic Subsequent Event:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. The City of Radford, Virginia is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic. Among the CARES Act key provisions was \$339.8 billion designated for programs for state and local government, which included \$150 billion in direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF), pursuant to the federal CARES Act, to address spending shortages related to the COVID-19 pandemic.

The Commonwealth of Virginia received approximately \$3.1 billion from the CRF, of which \$1.3 billion was allocated for localities with fewer than 500,000 people. Localities with populations greater than 500,000 could apply to receive funds directly. All other CRF funds were distributed to the states to determine the allocations to localities.

On May 12, 2020, the first round of the allocations to local governments was authorized by the Commonwealth. On June 1, 2020, each locality received its share of the first half, or fifty (50) percent, of the locally based allocations. Unspent funds at June 30 from the initial allocation are reported as unearned revenue. Like the first round, the second round of allocations was based on population and was for the same total amount distributed in the first round. The City of Radford, Virginia, received the second round of CRF funds in the amount of \$1,592,155 on August 28, 2020.

The federal guidance for the CARES Act states that the CRF funds can be used only for the direct costs associated with the response to the COVID-19 pandemic and cannot be used to address revenue shortfalls. CRF funds are considered one-time funds and should not be used for ongoing services or base operations. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government.

Note 27-Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 27-Upcoming Pronouncements: (Continued)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 27-Upcoming Pronouncements: (Continued)

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

Required Supplementary Information

City of Radford, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts				Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts		
REVENUES					
General property taxes	\$ 8,685,997	\$ 8,685,997	\$ 8,461,229	\$	(224,768)
Other local taxes	4,269,084	4,269,084	3,945,693		(323,391)
Permits, privilege fees, and regulatory licenses	350,170	360,170	77,650		(282,520)
Fines and forfeitures	189,100	189,100	174,885		(14,215)
Revenue from the use of money and property	196,164	196,164	198,371		2,207
Charges for services	948,730	965,099	716,572		(248,527)
Miscellaneous	2,376,515	2,382,079	1,902,015		(480,064)
Recovered costs	2,000	2,000	2,100		100
Intergovernmental	5,785,408	7,377,563	6,358,347		(1,019,216)
Total revenues	\$ 22,803,168	\$ 24,427,256	\$ 21,836,862	\$	(2,590,394)
EXPENDITURES					
Current:					
General government administration	\$ 3,316,112	\$ 3,379,126	\$ 3,099,326	\$	279,800
Judicial administration	1,296,170	1,353,620	1,371,156		(17,536)
Public safety	7,917,527	8,101,304	8,014,177		87,127
Public works	580,569	632,278	736,885		(104,607)
Health and welfare	3,146,790	4,738,945	3,751,114		987,831
Education	6,116,777	6,116,777	6,282,926		(166,149)
Parks, recreation, and cultural	2,119,333	2,119,333	2,098,339		20,994
Community development	532,200	548,390	513,467		34,923
Capital projects	-	-	14,407		(14,407)
Debt service:					
Principal retirement	869,210	869,210	855,042		14,168
Interest and other fiscal charges	760,627	760,627	766,166		(5,539)
Bond issuance costs	-	-	89,875		(89,875)
Total expenditures	\$ 26,655,315	\$ 28,619,610	\$ 27,592,880	\$	1,026,730
Excess (deficiency) of revenues over (under) expenditures					
	\$ (3,852,147)	\$ (4,192,354)	\$ (5,756,018)	\$	(1,563,664)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 4,079,599	\$ 4,079,599	\$ 4,079,599	\$	-
Transfers out	(227,452)	(245,220)	(321,509)		(76,289)
Issuance of bond anticipation note	-	-	807,064		807,064
Total other financing sources (uses)	\$ 3,852,147	\$ 3,834,379	\$ 4,565,154	\$	730,775
Net change in fund balances					
	\$ -	\$ (357,975)	\$ (1,190,864)	\$	(832,889)
Fund balances - beginning	-	357,975	5,135,074		4,777,099
Fund balances - ending	\$ -	\$ -	\$ 3,944,210	\$	3,944,210

Note: GAAP serves as the budgetary basis of accounting

City of Radford, Virginia
Transit Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 18,220	\$ (11,780)
Miscellaneous	623,742	623,742	240,310	(383,432)
Intergovernmental	864,840	864,840	1,114,483	249,643
Total revenues	\$ 1,518,582	\$ 1,518,582	\$ 1,373,013	\$ (145,569)
EXPENDITURES				
Current:				
Community development	\$ 1,734,638	\$ 1,734,638	\$ 1,477,964	\$ 256,674
Total expenditures	\$ 1,734,638	\$ 1,734,638	\$ 1,477,964	\$ 256,674
Excess (deficiency) of revenues over (under) expenditures	\$ (216,056)	\$ (216,056)	\$ (104,951)	\$ 111,105
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 216,056	\$ 216,056	\$ 174,737	\$ (41,319)
Total other financing sources (uses)	\$ 216,056	\$ 216,056	\$ 174,737	\$ (41,319)
Net change in fund balances	\$ -	\$ -	\$ 69,786	\$ 69,786
Fund balances - beginning	-	-	(69,786)	(69,786)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

Note: GAAP serves as the budgetary basis of accounting

City of Radford, Virginia
Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Grants Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Miscellaneous	\$ 5,208	\$ 5,208	\$ 8,231	\$ 3,023
Intergovernmental	495,719	1,106,052	828,663	(277,389)
Total revenues	\$ 500,927	\$ 1,111,260	\$ 836,894	\$ (274,366)
EXPENDITURES				
Current:				
Public safety	\$ 166,444	\$ 657,260	\$ 582,387	\$ 74,873
Public works	1,887	6,758	4,869	1,889
Health and welfare	75,922	195,441	92,552	102,889
Community development	133,638	134,169	187,319	(53,150)
Debt service:				
Principal retirement	136,799	136,799	-	136,799
Interest and other fiscal charges	3,719	3,719	-	3,719
Total expenditures	\$ 518,409	\$ 1,134,146	\$ 867,127	\$ 267,019
Excess (deficiency) of revenues over (under) expenditures	\$ (17,482)	\$ (22,886)	\$ (30,233)	\$ (7,347)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 17,768	\$ 25,438	\$ 7,670
Total other financing sources (uses)	\$ -	\$ 17,768	\$ 25,438	\$ 7,670
Net change in fund balances	\$ (17,482)	\$ (5,118)	\$ (4,795)	\$ 323
Fund balances - beginning	17,482	7,588	4,795	(2,793)
Fund balances - ending	\$ -	\$ 2,470	\$ -	\$ (2,470)

City of Radford, Virginia
Highway Maintenance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2020

	Highway Maintenance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 4,285	\$ 4,285	\$ 2,738	\$ (1,547)
Charges for services	27,500	27,500	22,257	(5,243)
Intergovernmental	2,373,085	2,373,085	2,308,304	(64,781)
Total revenues	\$ 2,404,870	\$ 2,404,870	\$ 2,333,299	\$ (71,571)
EXPENDITURES				
Current:				
Public works	\$ 2,329,115	\$ 2,770,091	\$ 2,677,425	\$ 92,666
Total expenditures	\$ 2,329,115	\$ 2,770,091	\$ 2,677,425	\$ 92,666
Excess (deficiency) of revenues over (under) expenditures	\$ 75,755	\$ (365,221)	\$ (344,126)	\$ 21,095
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (75,755)	\$ (75,755)	\$ -	\$ 75,755
Total other financing sources (uses)	\$ (75,755)	\$ (75,755)	\$ -	\$ 75,755
Net change in fund balances	\$ -	\$ (440,976)	\$ (344,126)	\$ 96,850
Fund balances - beginning, as restated	-	440,976	1,510,482	1,069,506
Fund balances - ending	\$ -	\$ -	\$ 1,166,356	\$ 1,166,356

City of Radford, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 1,149,164	\$ 1,111,924	\$ 1,140,820	\$ 1,112,449	\$ 1,082,227	\$ 1,057,024
Interest	3,709,097	3,551,884	3,491,733	3,369,524	3,259,677	3,126,776
Differences between expected and actual experience	(180,931)	310,563	(910,650)	(415,942)	(456,628)	-
Changes of assumptions	1,677,257	-	(262,692)	-	-	-
Benefit payments	(2,710,381)	(2,746,564)	(2,453,274)	(2,187,086)	(2,444,989)	(2,125,449)
Net change in total pension liability	\$ 3,644,206	\$ 2,227,807	\$ 1,005,937	\$ 1,878,945	\$ 1,440,287	\$ 2,058,351
Total pension liability - beginning	54,342,287	52,114,480	51,108,543	49,229,598	47,789,311	45,730,960
Total pension liability - ending (a)	\$ 57,986,493	\$ 54,342,287	\$ 52,114,480	\$ 51,108,543	\$ 49,229,598	\$ 47,789,311
Plan fiduciary net position						
Contributions - employer	\$ 1,071,431	\$ 1,085,616	\$ 1,071,626	\$ 1,290,099	\$ 1,273,773	\$ 1,241,514
Contributions - employee	509,906	495,989	491,663	489,552	501,462	470,159
Net investment income	3,165,741	3,372,254	5,045,500	718,623	1,841,013	5,535,488
Benefit payments	(2,710,381)	(2,746,564)	(2,453,274)	(2,187,086)	(2,444,989)	(2,125,449)
Administrative charges	(31,870)	(29,491)	(29,413)	(25,675)	(25,469)	(29,889)
Other	(1,997)	(2,980)	(4,480)	(305)	(386)	291
Net change in plan fiduciary net position	\$ 2,002,830	\$ 2,174,824	\$ 4,121,622	\$ 285,208	\$ 1,145,404	\$ 5,092,114
Plan fiduciary net position - beginning	48,019,947	45,845,123	41,723,501	41,438,293	40,292,889	35,200,775
Plan fiduciary net position - ending (b)	\$ 50,022,777	\$ 48,019,947	\$ 45,845,123	\$ 41,723,501	\$ 41,438,293	\$ 40,292,889
Political subdivision's net pension liability - ending (a) - (b)	\$ 7,963,716	\$ 6,322,340	\$ 6,269,357	\$ 9,385,042	\$ 7,791,305	\$ 7,496,422
Plan fiduciary net position as a percentage of the total pension liability	86.27%	88.37%	87.97%	81.64%	84.17%	84.31%
Covered payroll						
	\$ 10,508,773	\$ 10,152,490	\$ 9,977,378	\$ 9,926,444	\$ 9,743,411	\$ 9,405,837
Political subdivision's net pension liability as a percentage of covered payroll	75.78%	62.27%	62.84%	94.55%	79.96%	79.70%

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

City of Radford, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2011 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 1,152,021	\$ 1,152,021	\$ -	\$ 11,386,036	10.12%
2019	1,071,431	1,071,431	-	10,508,773	10.20%
2018	1,085,616	1,085,616	-	10,152,490	10.69%
2017	1,071,626	1,071,626	-	9,977,378	10.74%
2016	1,290,099	1,290,099	-	9,926,444	13.00%
2015	1,273,773	1,273,773	-	9,743,411	13.07%
2014	1,241,514	1,241,514	-	9,405,837	13.20%
2013	1,194,706	1,194,706	-	9,043,955	13.21%
2012	769,538	769,538	-	8,410,248	9.15%
2011	760,972	760,972	-	8,405,608	9.05%

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

City of Radford, Virginia
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2020

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

City of Radford, Virginia
Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Health Insurance
For the Measurement Dates of June 30, 2018 through June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 15,182	\$ 10,686	\$ 8,045
Interest	21,523	31,252	34,981
Differences between expected and actual experience	-	(2,691)	34,835
Changes in assumptions and other inputs	43,072	61,506	40,431
Benefit payments	(82,853)	(69,889)	-
Net change in total OPEB liability	\$ (3,076)	\$ 30,864	\$ 118,292
Total OPEB liability - beginning	640,834	609,970	491,678
Total OPEB liability - ending	\$ <u>637,758</u>	\$ <u>640,834</u>	\$ <u>609,970</u>
 Covered-employee payroll	 \$ N/A	 \$ N/A	 \$ N/A
 City's total OPEB liability (asset) as a percentage of covered-employee payroll	 N/A	 N/A	 N/A

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

City of Radford, Virginia
Notes to Required Supplementary Information
Health Insurance
For the Year Ended June 30, 2020

Valuation Date: 7/1/2018
Measurement Date: 6/30/2020

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	2.21%
Inflation	2.00%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.75%, grading down 0.25% per annum to an ultimate rate of 4.75% in years 2027 or later.
Salary Increase Rates	2.00%
Retirement Age	The average age at retirement is 65
Mortality Rates	The mortality rates were calculated using the RPH-2014 fully generational table with projection scale MP-2018.

City of Radford, Virginia
Schedule of City's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2019	0.05371% \$	874,005	\$ 10,528,044	8.30%	52.00%
2018	0.05339%	811,000	10,152,490	7.99%	51.22%
2017	0.05424%	816,000	9,977,378	8.18%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

City of Radford, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2020	\$ 59,222	\$ 59,222	\$ -	\$ 11,410,893		0.52%
2019	54,748	54,748	-	10,528,044		0.52%
2018	52,746	52,746	-	10,152,490		0.52%
2017	52,022	52,022	-	9,977,378		0.52%
2016	47,731	47,731	-	9,926,444		0.48%
2015	46,846	46,846	-	9,743,411		0.48%
2014	45,180	45,180	-	9,405,837		0.48%
2013	43,593	43,593	-	9,043,955		0.48%
2012	23,576	23,576	-	8,410,248		0.28%
2011	23,536	23,536	-	8,405,608		0.28%

City of Radford, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

City of Radford, Virginia
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

	2019	2018	2017
Total HIC OPEB Liability			
Service cost	\$ 8,047	\$ 7,000	\$ 8,000
Interest	32,809	33,000	33,000
Differences between expected and actual experience	(2,990)	(7,000)	-
Changes of assumptions	11,232	-	(9,000)
Benefit payments	(34,904)	(39,000)	(29,000)
Other changes	150	(1,000)	-
Net change in total HIC OPEB liability	\$ 14,344	\$ (7,000)	\$ 3,000
Total HIC OPEB Liability - beginning	486,000	493,000	490,000
Total HIC OPEB Liability - ending (a)	\$ 500,344	\$ 486,000	\$ 493,000
 Plan fiduciary net position			
Contributions - employer	\$ 27,628	\$ 24,000	\$ 24,000
Net investment income	13,074	15,000	22,000
Benefit payments	(34,904)	(39,000)	(29,000)
Administrative charges	(285)	-	-
Other	194	(3,000)	1,000
Net change in plan fiduciary net position	\$ 5,707	\$ (3,000)	\$ 18,000
Plan fiduciary net position - beginning	209,000	212,000	194,000
Plan fiduciary net position - ending (b)	\$ 214,707	\$ 209,000	\$ 212,000
 City's net HIC OPEB liability - ending (a) - (b)	\$ 285,637	\$ 277,000	\$ 281,000
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	42.91%	43.00%	43.00%
 Covered payroll	\$ 8,371,558	\$ 10,152,490	\$ 9,977,378
 City's net HIC OPEB liability as a percentage of covered payroll	3.41%	2.73%	2.82%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

City of Radford, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2020	\$ 29,924	\$ 29,924	\$ -	\$ 9,087,773		0.33%
2019	27,628	27,628	-	8,371,558		0.33%
2018	24,384	24,384	-	10,152,490		0.24%
2017	24,001	24,001	-	9,977,378		0.24%
2016	25,013	25,013	-	9,926,444		0.25%
2015	25,003	25,003	-	9,743,411		0.26%
2014	22,715	22,715	-	9,405,837		0.24%
2013	26,255	26,255	-	9,043,955		0.29%
2012	23,584	23,584	-	8,410,248		0.28%
2011	23,539	23,539	-	8,405,608		0.28%

City of Radford, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

City of Radford, Virginia
Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2019

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2019	0.4273%	\$ 1,532,950	\$ 3,848,220	2.63%	0.79%
2018	0.3383%	1,061,000	3,335,618	2.63%	1.30%
2017	0.3341%	877,000	2,935,412	2.63%	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

City of Radford, Virginia
Schedule of Employer Contributions
Line of Duty Act Program (LODA)
For the Years Ended June 30, 2017 through June 30, 2020

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2020	\$ 60,520	\$ 60,520	\$ -	\$ 4,088,305	1.48%
2019	57,344	57,344	-	3,848,220	1.49%
2018	36,028	36,028	-	3,335,618	1.08%
2017	36,028	36,028	-	2,935,412	1.23%

*

The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

FY 2011 was the first year for the Line of Duty Act Program (LODA). Information is only available for years after FY 2017. However, additional years will be included as they become available.

City of Radford, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2020

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2018 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

Other Supplementary Information

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 112,137	\$ 112,137
Total revenues	\$ -	\$ -	\$ 112,137	\$ 112,137
EXPENDITURES				
Capital projects	\$ -	\$ -	\$ 233,471	\$ (233,471)
Total expenditures	\$ -	\$ -	\$ 233,471	\$ (233,471)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (121,334)	\$ (121,334)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 121,334	\$ 121,334
Total other financing sources (uses)	\$ -	\$ -	\$ 121,334	\$ 121,334
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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.

City of Radford, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	Agency Funds			
	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>
ASSETS				
Cash and cash equivalents:				
Special Welfare Fund	\$ 1,254	\$ 2,128	\$ 2,254	\$ 1,128
Highlander Festival	48,042	24,750	26,311	46,481
CSA Regional Program	63,076	16,900	15,257	64,719
Cafeteria Plan Fund	6,759	-	327	6,432
Total assets	<u>\$ 119,131</u>	<u>\$ 43,778</u>	<u>\$ 44,149</u>	<u>\$ 118,760</u>
LIABILITIES				
Amounts held for others:				
Social services clients	\$ 1,254	\$ 2,128	\$ 2,254	\$ 1,128
Highlander Festival	48,042	24,750	26,311	46,481
CSA Regional Program	63,076	16,900	15,257	64,719
Amounts held for employees - Cafeteria Plan Fund	6,759	-	327	6,432
Total liabilities	<u>\$ 119,131</u>	<u>\$ 43,778</u>	<u>\$ 44,149</u>	<u>\$ 118,760</u>

Supporting Schedules

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,885,858	\$ 6,885,858	\$ 6,742,484	\$ (143,374)
Real and personal public service corporation taxes	260,000	260,000	194,293	(65,707)
Personal property taxes	880,000	880,000	938,286	58,286
Mobile home taxes	3,152	3,152	6,907	3,755
Machinery and tools taxes	269,379	269,379	274,224	4,845
Furniture and fixtures	262,508	262,508	203,862	(58,646)
Penalties and interest	125,100	125,100	101,173	(23,927)
Total general property taxes	\$ 8,685,997	\$ 8,685,997	\$ 8,461,229	\$ (224,768)
Other local taxes:				
Local sales and use taxes	\$ 1,160,000	\$ 1,160,000	\$ 1,127,441	\$ (32,559)
Consumers' utility taxes	595,084	595,084	551,225	(43,859)
Tobacco tax	64,000	64,000	58,884	(5,116)
Business license taxes	485,000	485,000	457,875	(27,125)
Franchise license tax	40,000	40,000	27,979	(12,021)
Motor vehicle licenses	200,000	200,000	196,764	(3,236)
Bank stock taxes	220,000	220,000	216,779	(3,221)
Taxes on recordation and wills	150,000	150,000	186,279	36,279
Hotel and motel room taxes	170,000	170,000	148,968	(21,032)
Restaurant food taxes	1,185,000	1,185,000	973,499	(211,501)
Total other local taxes	\$ 4,269,084	\$ 4,269,084	\$ 3,945,693	\$ (323,391)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,500	\$ 3,500	\$ 2,764	\$ (736)
Transfer fees	270	270	308	38
Zoning fees	1,200	1,200	3,000	1,800
Small cell tower fees	-	-	2,750	2,750
Storm water impact fees	300,000	300,000	-	(300,000)
Permits and other licenses	45,200	55,200	68,820	13,620
Right of way abandonment fees	-	-	8	8
Total permits, privilege fees, and regulatory licenses	\$ 350,170	\$ 360,170	\$ 77,650	\$ (282,520)
Fines and forfeitures:				
Court fines and forfeitures	\$ 189,100	\$ 189,100	\$ 174,885	\$ (14,215)
Total fines and forfeitures	\$ 189,100	\$ 189,100	\$ 174,885	\$ (14,215)
Revenue from use of money and property:				
Revenue from use of money	\$ 23,000	\$ 23,000	\$ 23,389	\$ 389
Revenue from use of property	173,164	173,164	174,982	1,818
Total revenue from use of money and property	\$ 196,164	\$ 196,164	\$ 198,371	\$ 2,207

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for law enforcement and traffic control	\$ 31,680	\$ 31,680	\$ 33,473	\$ 1,793
Charges for courthouse maintenance	-	-	3,248	3,248
Charges for courtroom security	-	-	17,836	17,836
Charges for collection fees	56,000	56,000	52,221	(3,779)
Miscellaneous jail and inmate fees	8,000	8,000	9,564	1,564
Charges for Commonwealth's Attorney	3,000	3,000	2,479	(521)
Charges for rescue services	620,000	636,369	439,316	(197,053)
Animal protection services	3,000	3,000	3,280	280
Charges for parks and recreation	116,550	116,550	63,470	(53,080)
Charges for DMV registrations	46,000	46,000	61,146	15,146
Other charges for services	55,000	55,000	17,006	(37,994)
Charges for law library	-	-	2,242	2,242
Charges for library	9,500	9,500	11,291	1,791
Total charges for services	\$ 948,730	\$ 965,099	\$ 716,572	\$ (248,527)
Miscellaneous:				
Miscellaneous	\$ 44,200	\$ 44,200	\$ 33,748	\$ (10,452)
Revenue sharing payments - Montgomery	180,000	180,000	161,583	(18,417)
Revenue sharing payments - Pulaski	150,000	150,000	160,407	10,407
Gifts and donations	81,000	86,564	89,730	3,166
Payments in lieu of taxes	1,921,315	1,921,315	1,456,547	(464,768)
Total miscellaneous	\$ 2,376,515	\$ 2,382,079	\$ 1,902,015	\$ (480,064)
Recovered costs:				
Insurance recoveries	\$ 2,000	\$ 2,000	\$ 2,100	\$ 100
Total recovered costs	\$ 2,000	\$ 2,000	\$ 2,100	\$ 100
Total revenue from local sources	\$ 17,017,760	\$ 17,049,693	\$ 15,478,515	\$ (1,571,178)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 24,000	\$ 24,000	\$ 23,219	\$ (781)
Mobile home titling tax	1,500	1,500	1,014	(486)
Motor vehicle rental tax	70,000	70,000	48,322	(21,678)
Communications tax	699,000	699,000	618,477	(80,523)
State tax on deeds	40,000	40,000	34,577	(5,423)
Personal property tax relief funds	625,657	625,657	625,657	-
Total noncategorical aid	\$ 1,460,157	\$ 1,460,157	\$ 1,351,266	\$ (108,891)

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 268,335	\$ 268,335	\$ 276,726	\$ 8,391
Sheriff	312,598	312,598	316,077	3,479
Commissioner of revenue	101,464	101,464	97,777	(3,687)
Treasurer	93,896	93,896	89,412	(4,484)
Registrar/electoral board	43,110	43,110	47,281	4,171
Clerk of the Circuit Court	204,000	204,000	215,796	11,796
Total shared expenses	\$ 1,023,403	\$ 1,023,403	\$ 1,043,069	\$ 19,666
Other categorical aid:				
Public assistance and welfare administration	\$ 902,380	\$ 902,380	\$ 616,833	\$ (285,547)
Comprehensive services act	600,000	600,000	775,791	175,791
Assistance to local police departments	501,832	501,832	521,404	19,572
VHDA funds	38,500	38,500	47,100	8,600
Virginia Juvenile Community Crime Control Act funds	10,200	10,200	10,199	(1)
Library grant	148,633	148,633	148,633	-
Wireless E-911 payment state grant	52,500	52,500	56,755	4,255
Spay and Neuter Grant	10	10	-	(10)
Fire program	56,793	56,793	59,761	2,968
Total other categorical aid	\$ 2,310,848	\$ 2,310,848	\$ 2,236,476	\$ (74,372)
Total categorical aid	\$ 3,334,251	\$ 3,334,251	\$ 3,279,545	\$ (54,706)
Total revenue from the Commonwealth	\$ 4,794,408	\$ 4,794,408	\$ 4,630,811	\$ (163,597)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 991,000	\$ 991,000	\$ 1,102,024	\$ 111,024
Coronavirus relief fund	-	1,592,155	625,512	(966,643)
Total categorical aid	\$ 991,000	\$ 2,583,155	\$ 1,727,536	\$ (855,619)
Total revenue from the federal government	\$ 991,000	\$ 2,583,155	\$ 1,727,536	\$ (855,619)
Total General Fund	\$ 22,803,168	\$ 24,427,256	\$ 21,836,862	\$ (2,590,394)

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Transit Fund				
Revenue from local sources:				
Charges for services:				
Fares	\$ 20,000	\$ 20,000	\$ 18,220	\$ (1,780)
Advertising fees	10,000	10,000	-	(10,000)
Total charges for services	\$ 30,000	\$ 30,000	\$ 18,220	\$ (11,780)
Miscellaneous:				
Contributions from Radford University	\$ 623,742	\$ 623,742	\$ 240,310	\$ (383,432)
Total miscellaneous	\$ 623,742	\$ 623,742	\$ 240,310	\$ (383,432)
Total revenue from local sources	\$ 653,742	\$ 653,742	\$ 258,530	\$ (395,212)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State transit funds	\$ 375,707	\$ 375,707	\$ 397,258	\$ 21,551
Total categorical aid	\$ 375,707	\$ 375,707	\$ 397,258	\$ 21,551
Total revenue from the Commonwealth	\$ 375,707	\$ 375,707	\$ 397,258	\$ 21,551
Revenue from the federal government:				
Categorical aid:				
Formula grants for other than urbanized areas	\$ 489,133	\$ 489,133	\$ 549,080	\$ 59,947
COVID 19 - Formula grants for other than urbanized areas	-	-	168,145	168,145
Total categorical aid	\$ 489,133	\$ 489,133	\$ 717,225	\$ 228,092
Total revenue from the federal government	\$ 489,133	\$ 489,133	\$ 717,225	\$ 228,092
Total Transit Fund	\$ 1,518,582	\$ 1,518,582	\$ 1,373,013	\$ (145,569)
Grants Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 5,208	\$ 5,208	\$ 8,231	\$ 3,023
Total miscellaneous	\$ 5,208	\$ 5,208	\$ 8,231	\$ 3,023
Total revenue from local sources	\$ 5,208	\$ 5,208	\$ 8,231	\$ 3,023

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Grants Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Crime victim assistance	\$ 1,121	\$ 33,474	\$ 32,353	\$ (1,121)
Litter control	1,319	6,190	4,303	(1,887)
Virginia tourism	10,000	10,000	10,000	-
Wireless E-911 Funding	20,850	20,850	-	(20,850)
Crisis intervention team grant	5,073	347,070	334,924	(12,146)
Extreme recruiter grant	67,221	186,740	90,576	(96,164)
Commission for the arts grant	3,825	3,825	3,825	-
VHDA rental assistance	3,900	3,900	-	(3,900)
Total categorical aid	\$ 113,309	\$ 612,049	\$ 475,981	\$ (136,068)
Total revenue from the Commonwealth	\$ 113,309	\$ 612,049	\$ 475,981	\$ (136,068)
Revenue from the federal government:				
Categorical aid:				
HUD entitlement grants	\$ 255,772	\$ 255,772	\$ 170,318	\$ (85,454)
State and community highway safety	9,776	24,312	10,640	(13,672)
Crime victim assistance grant	3,362	100,419	97,057	(3,362)
Emergency management assistance	7,500	7,500	7,500	-
DCJS local LE block grant	106,000	106,000	67,167	(38,833)
Total categorical aid	\$ 382,410	\$ 494,003	\$ 352,682	\$ (141,321)
Total revenue from the federal government	\$ 382,410	\$ 494,003	\$ 352,682	\$ (141,321)
Total Grants Fund	\$ 500,927	\$ 1,111,260	\$ 836,894	\$ (274,366)
Highway Maintenance Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 4,285	\$ 4,285	\$ 2,738	\$ (1,547)
Total revenue from use of money and property	\$ 4,285	\$ 4,285	\$ 2,738	\$ (1,547)
Charges for services:				
Right of way fees	\$ 27,500	\$ 27,500	\$ 22,257	\$ (5,243)
Total charges for services	\$ 27,500	\$ 27,500	\$ 22,257	\$ (5,243)
Total revenue from local sources	\$ 31,785	\$ 31,785	\$ 24,995	\$ (6,790)

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Highway Maintenance Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Highway maintenance funds	\$ 2,373,085	\$ 2,373,085	\$ 2,308,304	\$ (64,781)
Total categorical aid	\$ 2,373,085	\$ 2,373,085	\$ 2,308,304	\$ (64,781)
Total revenue from the Commonwealth	\$ 2,373,085	\$ 2,373,085	\$ 2,308,304	\$ (64,781)
Total Highway Maintenance Fund	\$ 2,404,870	\$ 2,404,870	\$ 2,333,299	\$ (71,571)
Capital Projects Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Grants	\$ -	\$ -	\$ 112,137	\$ 112,137
Total categorical aid	\$ -	\$ -	\$ 112,137	\$ 112,137
Total revenue from the Commonwealth	\$ -	\$ -	\$ 112,137	\$ 112,137
Total City Capital Projects Fund	\$ -	\$ -	\$ 112,137	\$ 112,137
Total Primary Government	\$ 27,227,547	\$ 29,461,968	\$ 26,492,205	\$ (2,969,763)

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 48,716	\$ 48,716	\$ 47,682	\$ 1,034
Total legislative	\$ 48,716	\$ 48,716	\$ 47,682	\$ 1,034
General and financial administration:				
City Clerk	\$ 18,555	\$ 18,555	\$ 21,283	\$ (2,728)
City Manager	417,303	417,303	448,163	(30,860)
Commissioner of revenue	233,853	233,853	245,187	(11,334)
Assessor	42,106	42,106	42,668	(562)
Billing and service	396,513	397,075	406,043	(8,968)
Treasurer	485,062	485,062	476,916	8,146
Legal services	120,000	120,000	150,760	(30,760)
Human resources	212,321	212,321	163,490	48,831
Independent auditor	46,000	46,000	52,000	(6,000)
Information technology	759,641	822,093	619,169	202,924
Finance	382,804	382,804	276,028	106,776
Total general and financial administration	\$ 3,114,158	\$ 3,177,172	\$ 2,901,707	\$ 275,465
Board of elections:				
Electoral board and officials	\$ 38,529	\$ 38,529	\$ 36,774	\$ 1,755
Registrar	114,709	114,709	113,163	1,546
Total board of elections	\$ 153,238	\$ 153,238	\$ 149,937	\$ 3,301
Total general government administration	\$ 3,316,112	\$ 3,379,126	\$ 3,099,326	\$ 279,800
Judicial administration:				
Courts:				
Circuit court	\$ 80,052	\$ 80,052	\$ 68,385	\$ 11,667
General district court	21,750	21,750	17,364	4,386
Sheriff	512,418	569,868	573,705	(3,837)
Law library	3,000	3,000	1,043	1,957
Clerk of the circuit court	307,121	307,121	308,527	(1,406)
Total courts	\$ 924,341	\$ 981,791	\$ 969,024	\$ 12,767
Commonwealth's attorney:				
Commonwealth's attorney	\$ 371,829	\$ 371,829	\$ 402,132	\$ (30,303)
Total commonwealth's attorney	\$ 371,829	\$ 371,829	\$ 402,132	\$ (30,303)
Total judicial administration	\$ 1,296,170	\$ 1,353,620	\$ 1,371,156	\$ (17,536)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,830,108	\$ 3,968,580	\$ 3,855,077	\$ 113,503
Total law enforcement and traffic control	\$ 3,830,108	\$ 3,968,580	\$ 3,855,077	\$ 113,503

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 2,184,400	\$ 2,177,885	\$ 2,292,670	\$ (114,785)
Ambulance and rescue services	-	15,000	-	15,000
Regional Hazmat Response	-	-	0	-
Total fire and rescue services	\$ 2,184,400	\$ 2,192,885	\$ 2,292,670	\$ (99,785)
Correction and detention:				
Regional jail	\$ 700,000	\$ 700,000	\$ 705,876	\$ (5,876)
Juvenile corrections	97,139	97,139	94,222	2,917
Total correction and detention	\$ 797,139	\$ 797,139	\$ 800,098	\$ (2,959)
Inspections:				
Building inspector	\$ 112,889	\$ 112,889	\$ 111,952	\$ 937
Code enforcement	77,239	77,239	54,649	22,590
Total inspections	\$ 190,128	\$ 190,128	\$ 166,601	\$ 23,527
Other protection:				
Animal control	\$ 194,467	\$ 200,031	\$ 167,433	\$ 32,598
Medical examiner	100	100	140	(40)
E-911 system	613,981	613,981	609,096	4,885
GIS mapping	107,204	138,460	123,062	15,398
Total other protection	\$ 915,752	\$ 952,572	\$ 899,731	\$ 52,841
Total public safety	\$ 7,917,527	\$ 8,101,304	\$ 8,014,177	\$ 87,127
Public works:				
Engineering:				
General Engineering	\$ 130,251	\$ 132,251	\$ 134,845	\$ (2,594)
Total engineering	\$ 130,251	\$ 132,251	\$ 134,845	\$ (2,594)
Maintenance of general buildings and grounds:				
General properties	\$ 450,318	\$ 500,027	\$ 602,040	\$ (102,013)
Total maintenance of general buildings and grounds	\$ 450,318	\$ 500,027	\$ 602,040	\$ (102,013)
Total public works	\$ 580,569	\$ 632,278	\$ 736,885	\$ (104,607)
Health and welfare:				
Health:				
Supplement of local health department	\$ 100,822	\$ 100,822	\$ 100,822	\$ -
Pandemic response	-	1,592,155	375,512	1,216,643
Total health	\$ 100,822	\$ 1,692,977	\$ 476,334	\$ 1,216,643

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Mental health services	\$ 15,194	\$ 15,194	\$ 15,194	\$ -
Health agencies	5,853	5,853	5,853	-
Total mental health and mental retardation	\$ 21,047	\$ 21,047	\$ 21,047	\$ -
Welfare:				
Welfare administration and programs	\$ 2,292,851	\$ 2,292,851	\$ 2,033,688	\$ 259,163
Comprehensive services act	550,000	550,000	1,022,062	(472,062)
Property tax relief for the elderly	58,000	58,000	74,613	(16,613)
Social service agencies	124,070	124,070	123,370	700
Total welfare	\$ 3,024,921	\$ 3,024,921	\$ 3,253,733	\$ (228,812)
Total health and welfare	\$ 3,146,790	\$ 4,738,945	\$ 3,751,114	\$ 987,831
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 57,249	\$ 57,249	\$ 57,249	\$ -
Contribution to City School Board	6,059,528	6,059,528	6,225,677	(166,149)
Total education	\$ 6,116,777	\$ 6,116,777	\$ 6,282,926	\$ (166,149)
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 557,314	\$ 557,314	\$ 539,502	\$ 17,812
Maintenance of parks	208,328	208,328	222,048	(13,720)
Recreation center and playgrounds	474,922	474,922	486,145	(11,223)
Total parks and recreation	\$ 1,240,564	\$ 1,240,564	\$ 1,247,695	\$ (7,131)
Cultural enrichment:				
Glencoe museum	\$ 25,605	\$ 25,605	\$ 37,813	\$ (12,208)
Total cultural enrichment	\$ 25,605	\$ 25,605	\$ 37,813	\$ (12,208)
Library:				
Library expenses	\$ 853,164	\$ 853,164	\$ 812,831	\$ 40,333
Total library	\$ 853,164	\$ 853,164	\$ 812,831	\$ 40,333
Total parks, recreation, and cultural	\$ 2,119,333	\$ 2,119,333	\$ 2,098,339	\$ 20,994

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Planning	\$ 73,163	\$ 73,163	\$ 75,461	\$ (2,298)
Community development	174,163	174,163	174,892	(729)
Zoning board	-	-	1,480	(1,480)
Tourism	121,003	121,903	109,728	12,175
Economic development	97,669	112,959	85,825	27,134
VHDA program	66,202	66,202	66,081	121
Total planning and community development	\$ 532,200	\$ 548,390	\$ 513,467	\$ 34,923
Total community development	\$ 532,200	\$ 548,390	\$ 513,467	\$ 34,923
Capital outlay:				
Other capital outlay	\$ -	\$ -	\$ 14,407	\$ (14,407)
Total capital outlay	\$ -	\$ -	\$ 14,407	\$ (14,407)
Debt service:				
Principal retirement	\$ 869,210	\$ 869,210	\$ 855,042	\$ 14,168
Interest and other fiscal charges	760,627	760,627	766,166	(5,539)
Bond issuance costs	-	-	89,875	(89,875)
Total debt service	\$ 1,629,837	\$ 1,629,837	\$ 1,711,083	\$ (81,246)
Total General Fund	\$ 26,655,315	\$ 28,619,610	\$ 27,592,880	\$ 1,026,730
Special Revenue Funds:				
Transit Fund:				
Community Development:				
Planning and community development:				
City transit service	\$ 1,734,638	\$ 1,734,638	\$ 1,477,964	\$ 256,674
Total other protection	\$ 1,734,638	\$ 1,734,638	\$ 1,477,964	\$ 256,674
Total community development	\$ 1,734,638	\$ 1,734,638	\$ 1,477,964	\$ 256,674
Total Transit Fund	\$ 1,734,638	\$ 1,734,638	\$ 1,477,964	\$ 256,674
Grants Fund:				
Public safety:				
Law enforcement and traffic control:				
Victim witness assistance	\$ 4,008	\$ 133,418	\$ 131,018	\$ 2,400
Impaired driver and speed enforcement	16,935	36,503	15,960	20,543
Police department	116,500	116,500	105,828	10,672
Communications	20,850	20,850	-	20,850
Sheriff	651	342,489	329,581	12,908
Total law enforcement and traffic control	\$ 158,944	\$ 649,760	\$ 582,387	\$ 67,373

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Grants Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Fire department	\$ 7,500	\$ 7,500	\$ -	\$ 7,500
Total fire and rescue services	\$ 7,500	\$ 7,500	\$ -	\$ 7,500
Total public safety	\$ 166,444	\$ 657,260	\$ 582,387	\$ 74,873
Public Works:				
Maintenance of general buildings and grounds:				
Litter control	\$ 1,887	\$ 6,758	\$ 4,869	\$ 1,889
Total maintenance of general buildings and grounds	\$ 1,887	\$ 6,758	\$ 4,869	\$ 1,889
Total public works	\$ 1,887	\$ 6,758	\$ 4,869	\$ 1,889
Health and welfare:				
Welfare:				
Extreme recruiter program	\$ 75,922	\$ 195,441	\$ 92,552	\$ 102,889
Total welfare	\$ 75,922	\$ 195,441	\$ 92,552	\$ 102,889
Total health and welfare	\$ 75,922	\$ 195,441	\$ 92,552	\$ 102,889
Community development:				
Planning and community development:				
Tourism	\$ 13,825	\$ 13,825	\$ 10,000	\$ 3,825
Economic development	7,000	7,000	7,000	-
HUD grant expenditures	112,813	113,344	170,319	(56,975)
Total planning and community development	\$ 133,638	\$ 134,169	\$ 187,319	\$ (53,150)
Total community development	\$ 133,638	\$ 134,169	\$ 187,319	\$ (53,150)
Debt service:				
Principal retirement	\$ 136,799	\$ 136,799	\$ -	\$ 136,799
Interest and other fiscal charges	3,719	3,719	-	3,719
Total debt service	\$ 140,518	\$ 140,518	\$ -	\$ 140,518
Total Grants Fund	\$ 518,409	\$ 1,134,146	\$ 867,127	\$ 267,019

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Highway Maintenance Fund:				
Public works:				
Maintenance of streets, highways and bridges:				
General administration	\$ 163,152	\$ 166,210	\$ 167,018	\$ (808)
Highway maintenance and repairs - state	1,443,562	1,846,590	1,755,895	90,695
Highway maintenance and repairs - local	17,800	19,886	11,302	8,584
Street lights	176,500	208,112	152,730	55,382
Snow and ice removal	33,300	34,110	33,809	301
Storm drainage	8,500	8,500	-	8,500
Public grounds and parks	486,301	486,683	556,671	(69,988)
Total maintenance of streets, highways, and bridges	<u>\$ 2,329,115</u>	<u>\$ 2,770,091</u>	<u>\$ 2,677,425</u>	<u>\$ 92,666</u>
Total Highway Maintenance Fund	<u>\$ 2,329,115</u>	<u>\$ 2,770,091</u>	<u>\$ 2,677,425</u>	<u>\$ 92,666</u>
Capital Projects Fund:				
Capital Projects:				
Tyler Avenue to East Main road project	\$ -	\$ -	\$ 233,471	\$ (233,471)
Total capital projects	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,471</u>	<u>\$ (233,471)</u>
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,471</u>	<u>\$ (233,471)</u>
Total Primary Government	<u>\$ 31,237,477</u>	<u>\$ 34,258,485</u>	<u>\$ 32,848,867</u>	<u>\$ 1,409,618</u>

Statistical Information

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 40,402,563	\$ 39,986,063	\$ 36,147,315	\$ 39,559,342	\$ 40,392,127	\$ 40,811,990	\$ 40,712,979	\$ 40,752,440	\$ 40,956,828	\$ 39,537,395
Restricted	615,847	644,276	2,812,037	968,879	1,030,306	1,245,006	1,175,718	2,173,853	2,541,279	2,177,568
Unrestricted	6,364,767	6,461,353	6,752,167	7,710,856	(484,342)	(1,298,848)	(4,586,851)	(3,566,963)	(3,108,516)	(4,470,720)
Total governmental activities net position	\$ 47,383,177	\$ 47,091,692	\$ 45,711,519	\$ 48,239,077	\$ 40,938,091	\$ 40,758,148	\$ 37,301,846	\$ 39,359,330	\$ 40,389,591	\$ 37,244,243
Business-type activities										
Net investment in capital assets	\$ 15,089,859	\$ 14,568,531	\$ 15,761,624	\$ 15,582,914	\$ 14,936,407	\$ 14,443,893	\$ 15,144,714	\$ 14,210,111	\$ 13,620,344	\$ 12,739,637
Unrestricted	8,013,733	8,866,605	11,463,147	11,817,746	8,519,945	8,519,237	4,896,260	4,711,108	5,133,838	3,971,137
Total business-type activities net position	\$ 23,103,592	\$ 23,435,136	\$ 27,224,771	\$ 27,400,660	\$ 23,456,352	\$ 22,963,130	\$ 20,040,974	\$ 18,921,219	\$ 18,754,182	\$ 16,710,774
Primary government										
Net investment in capital assets	\$ 55,492,422	\$ 54,554,594	\$ 51,908,939	\$ 55,142,256	\$ 55,328,534	\$ 55,255,883	\$ 55,857,693	\$ 54,962,551	\$ 54,577,172	\$ 52,277,032
Restricted	615,847	644,276	2,812,037	968,879	1,030,306	1,245,006	1,175,718	2,173,853	2,541,279	2,177,568
Unrestricted	14,378,500	15,327,958	18,215,314	19,528,602	8,035,603	7,220,389	309,409	1,144,145	2,025,322	(499,583)
Total primary government net position	\$ 70,486,769	\$ 70,526,828	\$ 72,936,290	\$ 75,639,737	\$ 64,394,443	\$ 63,721,278	\$ 57,342,820	\$ 58,280,549	\$ 59,143,773	\$ 53,955,017

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

Provisions of Statement No. 75 from the Governmental Accounting Standards Board (GASB) were implemented during the 2018 fiscal year. Financial information prior to the fiscal year ending June 30, 2017 has not been retroactively restated for provisions of this standard.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government administration	\$ 2,114,955	\$ 2,257,781	\$ 2,478,062	\$ 2,583,106	\$ 2,616,659	\$ 2,763,220	\$ 2,692,328	\$ 2,647,063	\$ 2,727,991	\$ 3,222,986
Judicial administration	1,108,911	1,112,641	1,182,752	1,228,811	1,207,189	1,256,369	1,211,262	1,216,152	1,235,776	1,350,882
Public safety	6,244,619	6,338,892	6,807,173	6,991,450	7,421,559	7,896,020	8,584,172	8,626,249	8,178,720	9,258,911
Public works	3,316,104	3,583,272	3,509,880	4,052,721	3,880,301	4,264,317	3,628,478	3,082,320	3,625,343	4,468,961
Health and welfare	2,269,438	2,501,597	2,662,252	2,965,695	2,883,992	3,498,727	3,202,932	2,842,801	3,218,783	3,862,806
Education	4,812,897	5,357,984	5,753,106	5,049,358	5,278,443	5,345,190	7,403,883	5,466,272	5,735,374	5,682,556
Parks, recreation and cultural	2,012,187	2,170,790	2,331,432	2,284,314	2,284,564	2,411,929	2,330,422	2,334,775	2,311,832	2,409,129
Community development	1,606,945	1,739,173	1,964,126	2,312,280	2,402,473	2,329,254	2,309,036	2,185,231	2,553,508	2,758,561
Nondepartmental	-	-	33,375	3,192	-	-	-	-	-	-
Interest on long-term debt	883,852	955,544	1,082,407	969,417	1,020,398	823,968	780,505	758,156	720,747	773,400
Total governmental activities expenses	\$ 24,369,908	\$ 26,017,674	\$ 27,804,565	\$ 28,440,344	\$ 28,995,578	\$ 30,588,994	\$ 32,143,018	\$ 29,159,019	\$ 30,308,074	\$ 33,788,192
Business-type activities:										
Water, sewer, electric, and solid waste	\$ 24,881,044	\$ 27,590,819	\$ 29,035,126	\$ 26,512,718	\$ 24,345,015	\$ 22,941,584	\$ 21,725,362	\$ 22,112,927	\$ 22,684,594	\$ 23,641,182
Total primary government expenses	\$ 49,250,952	\$ 53,608,493	\$ 56,839,691	\$ 54,953,062	\$ 53,340,593	\$ 53,530,578	\$ 53,868,380	\$ 51,271,946	\$ 52,992,668	\$ 57,429,374
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 21,622	\$ 25,925	\$ 34,279	\$ 55,692	\$ 57,003	\$ 61,550	\$ 69,606	\$ 66,315	\$ 75,131	\$ 80,902
Judicial administration	276,672	341,451	361,125	305,379	309,664	313,159	393,880	290,316	266,680	208,733
Public safety	465,363	547,947	661,947	611,211	519,489	555,428	560,718	655,164	858,275	574,259
Public works	39,030	175,440	41,201	41,245	15,915	58,691	28,085	31,364	34,131	25,513
Parks, recreation and cultural	109,586	122,932	126,685	115,294	99,722	129,520	127,738	114,596	142,681	81,690
Operating grants and contributions	6,333,219	6,999,638	7,429,807	9,748,231	7,302,726	8,541,086	7,949,058	7,998,248	9,622,809	9,258,531
Capital grants and contributions	-	-	-	-	1,077,537	1,075,000	114,604	972,759	-	112,137
Total governmental activities program revenues	\$ 7,245,492	\$ 8,213,333	\$ 8,655,044	\$ 10,877,052	\$ 9,382,056	\$ 10,734,434	\$ 9,243,689	\$ 10,128,762	\$ 10,999,707	\$ 10,341,765
Business-type activities:										
Charges for services:										
Water, sewer, electric, and solid waste	\$ 26,369,886	\$ 30,132,722	\$ 34,866,609	\$ 30,513,949	\$ 26,205,461	\$ 26,110,291	\$ 25,442,208	\$ 26,273,112	\$ 26,505,268	\$ 25,604,149
Capital grants and contributions	548,025	51,285	165,859	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ 26,917,911	\$ 30,184,007	\$ 35,032,468	\$ 30,513,949	\$ 26,205,461	\$ 26,110,291	\$ 25,442,208	\$ 26,273,112	\$ 26,505,268	\$ 25,604,149
Total primary government program revenues	\$ 34,163,403	\$ 38,397,340	\$ 43,687,512	\$ 41,391,001	\$ 35,587,517	\$ 36,844,725	\$ 34,685,897	\$ 36,401,874	\$ 37,504,975	\$ 35,945,914
Net (expense) / revenue										
Governmental activities	\$ (17,124,416)	\$ (17,804,341)	\$ (19,149,521)	\$ (17,563,292)	\$ (19,613,522)	\$ (19,854,560)	\$ (22,899,329)	\$ (19,030,257)	\$ (19,308,367)	\$ (23,446,427)
Business-type activities	2,036,867	2,593,188	5,997,342	4,001,231	1,860,446	3,168,707	3,716,846	4,160,185	3,820,674	1,962,967
Total primary government net (expense)/revenue	\$ (15,087,549)	\$ (15,211,153)	\$ (13,152,179)	\$ (13,562,061)	\$ (17,753,076)	\$ (16,685,853)	\$ (19,182,483)	\$ (14,870,072)	\$ (15,487,693)	\$ (21,483,460)

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 7,329,530	\$ 7,317,561	\$ 7,351,581	\$ 7,703,878	\$ 7,775,293	\$ 7,596,817	\$ 7,627,568	\$ 7,901,961	\$ 8,031,543	\$ 8,619,689
Local sales and use taxes	873,384	900,741	974,844	963,013	885,262	992,383	903,394	933,184	1,037,269	1,127,441
Restaurant food taxes	952,416	988,171	1,024,005	1,086,580	1,121,722	1,123,853	1,084,990	1,083,379	1,104,604	973,499
Motor vehicle taxes	196,726	197,397	198,060	193,711	197,566	199,940	194,901	201,778	202,397	196,764
Consumers' utility taxes	560,347	533,966	575,931	597,428	532,065	514,537	529,829	544,011	564,577	551,225
Communications taxes										
Business license taxes	414,298	458,918	492,114	465,200	484,247	486,544	448,825	465,341	442,934	457,875
Other local taxes	538,664	533,836	575,986	565,146	603,799	583,798	567,864	618,111	592,519	638,889
Payments in lieu of taxes	1,688,205	2,005,015								
Unrestricted grants and contributions	1,500,937	1,459,745	1,493,502	1,478,789	1,496,527	1,448,580	1,433,206	1,439,290	1,362,267	1,351,266
Unrestricted revenues from use of money and property	150,447	153,680	162,021	167,998	159,012	159,060	182,003	197,990	227,707	201,109
Miscellaneous	284,625	700,640	2,694,064	3,040,335	2,537,866	2,918,986	2,605,400	2,374,540	2,488,792	2,150,556
Gain (Loss) on disposal of capital assets	2,050		(3,729)							
Transfers	1,822,834	2,263,187	2,230,969	3,828,572	3,545,447	3,670,732	5,873,076	5,328,156	4,079,599	4,083,717
Total governmental activities	\$ 16,314,463	\$ 17,512,857	\$ 17,769,348	\$ 20,090,650	\$ 19,338,806	\$ 19,695,230	\$ 21,451,056	\$ 21,087,741	\$ 20,134,208	\$ 20,352,030
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 603	\$ 1,543	\$ 13,218	\$ 3,230	\$ 3,094	\$ 8,803	\$ 32,137	\$ 48,216	\$ 91,888	\$ 65,272
Gain (Loss) on disposal of capital assets			30,296							12,070
Transfers	(1,822,834)	(2,263,187)	(2,230,969)	(3,828,572)	(3,545,447)	(3,670,732)	(5,873,076)	(5,328,156)	(4,079,599)	(4,083,717)
Total business-type activities	\$ (1,822,231)	\$ (2,261,644)	\$ (2,187,455)	\$ (3,825,342)	\$ (3,542,353)	\$ (3,661,929)	\$ (5,840,939)	\$ (5,279,940)	\$ (3,987,711)	\$ (4,006,375)
Total primary government	\$ 14,492,232	\$ 15,251,213	\$ 15,581,893	\$ 16,265,308	\$ 15,796,453	\$ 16,033,301	\$ 15,610,117	\$ 15,807,801	\$ 16,146,497	\$ 16,345,655
Change in Net Position										
Governmental activities	\$ (809,953)	\$ (291,484)	\$ (1,380,173)	\$ 2,527,358	\$ (274,716)	\$ (159,330)	\$ (1,448,273)	\$ 2,057,484	\$ 825,841	\$ (3,094,397)
Business-type activities	214,636	331,544	3,809,887	175,889	(1,681,907)	(493,222)	(2,124,093)	(1,119,755)	(167,037)	(2,043,408)
Total primary government	\$ (595,317)	\$ 40,060	\$ 2,429,714	\$ 2,703,247	\$ (1,956,623)	\$ (652,552)	\$ (3,572,366)	\$ 937,729	\$ 658,804	\$ (5,137,805)

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

Provisions of Statement No. 75 from the Governmental Accounting Standards Board (GASB) were implemented during the 2018 fiscal year. Financial information prior to the fiscal year ending June 30, 2018 has not been retroactively adjusted for this standard.

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

Fiscal Year	Motor													
	Property		Local sales and use		Consumer		Vehicle		Restaurant		Business		Other	
	Tax	Tax	Tax	Tax	Utility	Tax	License	Tax	Food	License	Tax	Local	Taxes	
2020	\$ 8,619,689	\$ 1,127,441	\$ 551,225	\$ 196,764	\$ 973,499	\$ 457,875	\$ 638,889	\$ 12,565,382						
2019	8,031,543	1,037,269	564,577	202,397	1,104,604	442,934	592,519	11,975,843						
2018	7,901,961	933,184	544,011	201,778	1,083,379	465,341	618,111	11,747,765						
2017	7,627,568	903,394	529,829	194,901	1,084,990	448,825	567,864	11,357,371						
2016	7,596,817	992,383	514,537	199,940	1,123,853	486,544	583,798	11,497,872						
2015	7,775,293	885,262	532,065	197,566	1,121,722	484,247	603,799	11,599,954						
2014	7,703,878	963,013	597,428	193,711	1,086,580	465,200	565,146	11,574,956						
2013	7,351,581	974,844	575,931	198,060	1,024,005	492,114	575,986	11,192,521						
2012	7,317,561	900,741	533,966	197,397	988,171	458,918	533,836	10,930,590						
2011	7,329,530	873,384	560,347	196,726	952,416	414,298	538,664	10,865,365						

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

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

	Fiscal Year										
	2011	2012	2013	2014	2014	2016	2017	2018	2019	2020	
General fund											
Nonspendable	\$ 201,236	\$ 136,611	\$ 117,376	\$ 151,146	\$ 162,232	\$ 231,701	\$ 964,685	\$ 194,463	\$ 57,548	\$ 50,977	
Restricted/Reserved	580,416	608,845	671,636	806,318	818,876	1,039,845	788,098	887,576	975,051	1,011,212	
Committed	2,201,052	2,296,667	2,256,764	2,880,670	3,201,226	3,449,211	1,440,369	1,073,680	1,597,723	1,838,370	
Unassigned/Unreserved	2,512,517	2,635,777	3,326,403	3,180,070	2,326,702	942,659	1,343,002	2,992,813	2,504,752	1,043,651	
Total general fund	\$ 5,495,221	\$ 5,677,900	\$ 6,372,179	\$ 7,018,204	\$ 6,509,036	\$ 5,663,416	\$ 4,536,154	\$ 5,148,532	\$ 5,135,074	\$ 3,944,210	
All other governmental funds											
Nonspendable	\$ 16,725	\$ 12,437	\$ 12,764	\$ 11,859	\$ 36,404	\$ 18,753	\$ 20,308	\$ 16,361	\$ -	\$ -	
Restricted/Reserved	35,431	35,431	2,140,401	162,561	211,430	205,161	387,620	1,286,277	1,566,228	1,166,536	
Committed	1,281,492	1,330,219	1,220,265	1,547,085	574,067	306,879	-	-	-	-	
Unreserved/Unassigned:											
Special revenue funds	-	(8,914)	(11,111)	-	(112,900)	(7,214)	-	-	(69,786)	-	
Total all other governmental funds	\$ 1,333,648	\$ 1,369,173	\$ 3,362,319	\$ 1,721,505	\$ 709,001	\$ 523,579	\$ 407,928	\$ 1,302,638	\$ 1,496,442	\$ 1,166,536	

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
General property taxes	\$ 7,017,704	\$ 7,426,519	\$ 7,534,523	\$ 7,601,010	\$ 7,748,164	\$ 7,745,589	\$ 7,775,064	\$ 7,774,833	\$ 8,104,338	\$ 8,461,229
Other local taxes	3,535,835	3,613,029	3,840,940	3,871,078	3,824,661	3,901,055	3,729,803	3,845,804	3,944,300	3,945,693
Permits, privilege fees and regulatory licenses	35,757	41,599	40,213	55,541	45,775	43,518	58,531	50,882	52,366	77,650
Fines and forfeitures	224,244	274,544	302,330	250,698	265,823	266,488	344,637	243,025	219,074	174,885
Revenue from use of money and property	150,447	153,680	162,021	167,998	159,012	159,060	182,003	197,990	227,707	201,109
Charges for services	652,272	853,944	884,639	803,660	699,787	809,200	769,576	896,277	1,055,465	757,049
Miscellaneous	1,972,830	2,705,655	2,694,064	3,040,335	2,537,866	2,918,986	2,605,400	2,374,540	2,488,792	2,150,556
Recovered costs	59,580	2,820	10,364	6,923	66,411	7,980	2,940	7,259	22,575	2,100
Intergovernmental	7,834,156	8,459,383	8,923,309	11,227,020	9,876,790	9,989,666	9,496,868	10,410,297	10,985,076	10,721,934
Total revenues	\$ 21,482,825	\$ 23,531,173	\$ 24,392,403	\$ 27,024,263	\$ 25,224,289	\$ 25,841,542	\$ 24,964,822	\$ 25,800,907	\$ 27,099,693	\$ 26,492,205
Expenditures										
General government administration	\$ 2,006,186	\$ 2,084,305	\$ 2,290,530	\$ 2,319,337	\$ 2,636,539	\$ 2,786,184	\$ 2,549,927	\$ 2,721,308	\$ 2,789,604	\$ 3,099,326
Judicial administration	1,082,538	1,093,311	1,169,552	1,240,070	1,222,250	1,273,445	1,226,014	1,231,971	1,274,648	1,371,156
Public safety	6,699,588	6,155,409	6,406,542	6,893,183	7,306,552	7,902,035	8,660,671	8,847,602	8,241,847	8,596,564
Public works	2,667,712	2,994,073	2,741,126	3,469,368	3,375,454	3,492,302	2,926,064	2,294,538	2,874,242	3,419,179
Health and welfare	2,253,374	2,491,473	2,656,373	2,958,128	2,921,634	3,555,823	3,238,938	2,818,444	3,310,566	3,843,666
Education	4,498,458	5,042,614	5,273,296	4,771,004	5,000,089	5,086,836	7,125,529	5,187,918	5,457,020	6,282,926
Parks, recreation and cultural	1,778,938	1,873,625	2,148,733	2,018,761	2,064,117	2,294,846	2,062,158	2,072,955	2,044,692	2,098,339
Community development	1,077,646	2,161,574	2,345,628	2,780,124	2,020,126	2,279,730	2,229,106	3,003,865	3,417,410	2,178,750
Non-departmental	-	-	33,375	3,192	-	-	-	-	-	-
Capital projects	4,784,258	479,229	1,089,854	3,279,737	1,768,169	56,877	307,996	-	-	247,878
Debt service:										
Principal retirement	856,066	952,518	1,067,312	1,114,224	1,065,692	996,579	1,009,592	1,170,256	965,093	855,042
Bond issuance cost	-	-	76,395	-	112,770	-	-	-	-	89,875
Interest and other fiscal charges	-	-	1,011,034	1,007,774	960,764	903,105	868,173	846,684	788,896	766,166
Total expenditures	\$ 28,577,594	\$ 26,331,693	\$ 28,309,750	\$ 31,854,902	\$ 30,454,156	\$ 30,607,762	\$ 32,204,168	\$ 30,195,541	\$ 31,164,018	\$ 32,848,867
Excess (deficiency) of revenues over (under) expenditures:	\$ (7,094,769)	\$ (2,800,520)	\$ (3,917,347)	\$ (4,830,639)	\$ (5,229,867)	\$ (4,766,220)	\$ (7,239,346)	\$ (4,394,634)	\$ (4,064,325)	\$ (6,356,662)
Other financing sources (uses)										
Transfers in										
Transfers out	\$ 1,830,949	\$ 2,836,723	\$ 4,316,475	\$ 4,652,904	\$ 4,162,219	\$ 4,419,252	\$ 6,369,557	\$ 5,494,827	\$ 4,265,908	\$ 4,401,108
Issuance of general obligation bonds	(8,115)	(573,536)	(2,101,983)	(817,254)	(601,772)	(748,520)	(396,481)	(164,895)	(186,309)	(321,509)
Debt service - current refunding - principal	5,244,081	598,183	4,455,549	-	-	-	-	-	-	-
Refunded bonds issued	-	-	(66,769)	-	(6,266,952)	-	-	-	-	807,064
Premium on refunding bonds issued	-	-	-	-	5,875,000	-	-	-	-	-
Capital leases	-	157,354	-	-	519,645	-	-	-	-	-
Sale of capital assets	2,050	-	1,500	-	20,114	85,000	21,648	560,290	148,217	-
Total other financing sources (uses)	\$ 7,068,965	\$ 3,018,724	\$ 6,604,772	\$ 3,835,650	\$ 3,708,254	\$ 3,795,732	\$ 5,994,724	\$ 5,901,722	\$ 4,244,671	\$ 4,886,663
Net change in fund balances	\$ (25,804)	\$ 218,204	\$ 2,687,425	\$ (994,989)	\$ (1,521,613)	\$ (1,010,488)	\$ (1,244,622)	\$ 1,507,088	\$ 180,346	\$ (1,469,999)
Debt service as a percentage of noncapital expenditures	7.27%	7.57%	7.64%	7.43%	7.06%	6.22%	5.89%	7.15%	6.03%	5.20%

Table 6

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

Fiscal Year	Property		Local Sales and Use		Consumers' Utility		Motor Vehicle		Restaurant Food		Business License		Other Local		Percentage Change	
	Tax		Tax		Tax		Tax		Tax		Tax		Taxes		Total	from Prior Year
2020	\$ 8,461,229		\$ 1,127,441		\$ 551,225		\$ 196,764		\$ 973,499		\$ 457,875		\$ 638,889		\$ 12,406,922	2.97%
2019	8,104,338		1,037,269		564,577		202,397		1,104,604		442,934		592,519		12,048,638	3.68%
2018	7,774,833		933,184		544,011		201,778		1,083,379		465,341		618,111		11,620,637	1.01%
2017	7,775,064		903,394		529,829		194,901		1,084,990		448,825		567,864		11,504,867	-1.22%
2016	7,745,589		992,383		514,537		199,940		1,123,853		486,544		583,798		11,646,644	0.64%
2015	7,748,164		885,262		532,065		197,566		1,121,722		484,247		603,799		11,572,825	0.88%
2014	7,601,010		963,013		597,428		193,711		1,086,580		465,200		565,146		11,472,088	0.85%
2013	7,534,523		974,844		575,931		198,060		1,024,005		492,114		575,986		11,375,463	3.04%
2012	7,426,519		900,741		533,966		197,397		988,171		458,918		533,836		11,039,548	4.61%
2011	7,017,704		873,384		560,347		196,726		952,416		414,298		538,664		10,553,539	0.71%

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
2020	\$ 854,663,600	\$ 65,374,065	\$ 448,753	\$ 27,989,058	\$ 25,302,652	\$ 973,778,128	\$ 973,778,128	100.00%
2019	818,248,370	61,007,699	496,685	28,114,839	24,138,449	932,006,042	932,006,042	100.00%
2018	814,039,590	60,677,222	414,795	28,852,780	31,090,075	935,074,462	935,074,462	100.00%
2017	811,013,940	59,689,263	416,055	26,797,155	25,670,591	923,587,004	923,587,004	100.00%
2016	801,830,240	56,690,538	445,667	33,252,807	24,074,163	916,293,415	916,293,415	100.00%
2015	790,264,040	55,504,264	458,451	37,129,238	23,467,522	906,823,515	906,823,515	100.00%
2014	785,174,290	54,833,849	461,847	37,634,310	22,453,921	900,558,217	900,558,217	100.00%
2013	782,058,740	52,975,445	465,027	36,100,390	27,156,009	898,755,611	898,755,611	100.00%
2012	787,822,090	53,499,297	545,379	39,032,130	23,780,929	904,679,825	904,679,825	100.00%
2011	792,140,290	49,448,088	555,501	32,966,578	23,171,319	898,281,776	898,281,776	100.00%

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
2020 (3)	\$ 0.78-0.82	\$ 2.44	\$ 0.82	\$ 1.76
2019 (2)	0.76-0.82	2.44	0.76	1.76
2018	0.76	2.44	0.76	1.76
2017	0.76	2.44	0.76	1.76
2016	0.76	2.44	0.76	1.76
2015	0.76	2.44	0.76	1.76
2014	0.76	2.44	0.76	1.76
2013	0.76	2.44	0.76	1.76
2012	0.76	2.44	0.76	1.76
2011	0.76	2.44	0.76	1.76

(1) Per \$100 of assessed value

(2) In Fiscal Year 2019 the tax rate increased \$0.06 between billing 2nd half of 2018 and 1st half of 2019.

(3) In Fiscal Year 2020 the tax rate increased \$0.04 between billing 2nd half of 2019 and 1st half of 2020.

Table 9

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
2020	\$ 9,157,469	\$ 8,909,630	97.29%	\$ -	\$ 8,909,630	97.29%
2019	9,037,440	8,583,989	94.98%	74,799	8,658,788	95.81%
2018	8,359,097	8,173,887	97.78%	96,621	8,270,508	98.94%
2017	8,256,573	8,090,332	97.99%	121,764	8,212,096	99.46%
2016	8,257,887	8,105,351	98.15%	128,763	8,234,114	99.71%
2015	8,135,011	7,963,037	97.89%	148,805	8,111,842	99.72%
2014	8,122,764	7,890,379	97.14%	253,485	8,143,864	100.26%
2013	8,070,126	7,845,456	97.22%	229,217	8,074,673	100.06%
2012	7,898,118	7,658,768	96.97%	212,388	7,871,156	99.66%
2011*	7,741,672	7,338,433	94.79%	359,647	7,698,080	99.44%

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
2019-20	\$ 855,042	\$ 766,166	1,621,208	\$ 32,848,867	4.94%
2018-19	965,093	788,896	1,753,989	31,164,018	5.63%
2017-18	1,170,256	846,684	2,016,940	30,195,541	6.68%
2016-17	1,009,592	868,173	1,877,765	32,204,168	5.83%
2015-16	996,579	903,105	1,899,684	30,607,762	6.21%
2014-15	1,065,692	960,764	2,026,456	30,454,156	6.65%
2013-14	1,114,224	1,007,774	2,121,998	31,854,902	6.66%
2012-13	1,067,312	1,011,034	2,078,346	28,309,750	7.34%
2011-12	952,518	1,003,562	1,956,080	28,577,594	6.84%
2010-11	856,066	872,830	1,728,896	28,577,594	6.05%

(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

Fiscal Years	Governmental Activities			Business-Type Activities					Total		
	General			General		Capital		Due to Pulaski County PSA	Primary Government	Per Capita	
	Obligation Bonds	Capital Leases	Revenue Bonds	Obligation Bonds		Leases					
2020	\$ 17,267,905	\$ 562,978	\$ 662,173	\$ 1,545,780	\$ 286,568	\$ 340,059	\$ 20,665,463	\$ 1,127			
2019	17,234,066	644,795	700,610	1,710,774	241,663	358,484	20,890,392	1,139			
2018	18,135,447	560,290	739,046	2,015,930	339,325	369,277	22,159,315	1,267			
2017	19,252,582	53,121	777,483	844,501	261,711	387,013	21,576,411	1,234			
2016	20,210,733	104,562	815,918	1,377,396	325,376	404,102	23,238,087	1,416			
2015	21,157,498	154,376	854,355	2,001,233	-	-	24,167,462	1,473			
2014	22,566,904	202,614	892,792	2,615,444	-	-	26,277,754	1,602			
2013	23,582,010	301,732	931,229	3,220,221	-	-	28,035,192	1,709			
2012	20,350,159	396,758	969,666	5,404,239	-	-	27,120,822	1,653			
2011	20,605,434	338,364	956,818	6,018,841	-	-	27,919,457	1,702			

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
2020	\$ 18,813,685	\$ -	\$ 18,813,685	1.93%	1,026
2019	18,944,840	-	18,944,840	2.03%	1,033
2018	20,151,377	-	20,151,377	2.16%	1,153
2017	20,097,083	-	20,097,083	2.18%	1,150
2016	21,588,129	-	21,588,129	2.36%	1,316
2015	23,158,731	-	23,158,731	2.55%	1,411
2014	25,182,348	-	25,182,348	2.80%	1,535
2013	26,802,231	-	26,802,231	2.98%	1,633
2012	25,754,398	-	25,754,398	2.85%	1,570
2011	26,624,275	-	26,624,275	2.96%	1,623

(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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 79,214,029	\$ 78,782,209	\$ 78,205,874	\$ 78,517,429	\$ 79,026,404	\$ 80,183,024	\$ 81,101,394	\$ 81,403,959	\$ 81,824,837	\$ 85,466,360
Total net debt applicable to limit	26,624,275	25,754,398	26,802,231	25,182,348	23,158,731	21,158,731	20,097,083	20,151,377	18,944,840	18,813,685
Legal debt margin	\$ 52,589,754	\$ 53,027,811	\$ 51,403,643	\$ 53,335,081	\$ 55,867,673	\$ 59,024,293	\$ 61,004,311	\$ 61,252,582	\$ 62,879,997	\$ 66,652,675
Total net debt applicable to the limit as a percentage of debt limit	33.61%	32.69%	34.27%	32.07%	29.31%	26.39%	24.78%	24.75%	23.15%	22.01%

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

Fiscal Year	Water and Sewer Revenue Bonds					
	Water and	Less:	Net	Debt Service (1)		Coverage
	Sewer Charges	Operating Expenses	Available Revenue	Principal	Interest	
2020	\$ 4,863,737	\$ 4,764,463	\$ 99,274	\$ 88,903	\$ 241	1.11
2019	4,586,714	4,224,211	362,503	271,114	8,774	1.30
2018	4,815,433	3,840,542	974,891	576,405	18,056	1.64
2017	4,761,366	3,832,212	929,154	529,190	19,174	1.69
2016	5,264,994	4,156,105	1,108,889	620,967	27,747	1.71
2015	4,990,731	4,011,218	979,513	623,505	38,628	1.48
2014	4,732,813	4,104,232	628,581	592,165	45,148	0.99
2013	4,360,386	4,155,050	205,336	606,688	60,175	0.31
2012	4,130,114	3,715,796	414,318	603,468	31,954	0.65
2011	4,202,208	3,683,675	518,533	573,378	34,678	0.85

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

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

To the Honorable Members of
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, 2020, 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 December 8, 2020.

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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be material weaknesses.

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 financial statements. 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*.

City of Radford, Virginia's Response to Findings

City of Radford, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Radford, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
December 8, 2020



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Radford, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Radford, Virginia's major federal programs for the year ended June 30, 2020. City of Radford, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Radford, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-003 that we consider to be a material weakness.

City of Radford, Virginia's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Radford, Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
December 8, 2020

City of Radford, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<i>DEPARTMENT OF AGRICULTURE:</i>			
Pass Through Payments:			
State Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119/0010120 0040119/0040120	\$ 196,856
Total Department of Agriculture			\$ 196,856
<i>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</i>			
Pass Through Payments:			
State Department of Social Services:			
Promoting Safe and Stable Families Program	93.556	0950118/0950119	\$ 1,128
Temporary Assistance for Needy Families	93.558	0400119/0400120	102,612
Refugee and Entrant Assistance-State/Replacement Designee Administered Programs	93.566	0500120	153
Low-Income Home Energy Assistance	93.568	0600419/0600420	20,942
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118/0900119	305
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119/0760120	19,424
Foster Care - Title IV-E	93.658	1100119/1100120	118,923
Adoption Assistance	93.659	1120119/1120120	269,859
Social Services Block Grant	93.667	1000119/1000120	163,817
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119	893
Children's Health Insurance Program	93.767	0540119/0540120	3,293
Medicaid Cluster:			
Medical Assistance Program	93.778	1200119/1200120	203,819
Total Department of Health and Human Services			\$ 905,168
<i>DEPARTMENT OF HOMELAND SECURITY:</i>			
Pass Through Payments:			
State Department of Emergency Management:			
Emergency Management Performance Grants	97.042	52749	\$ 7,500
Total Department of Homeland Security			\$ 7,500
<i>DEPARTMENT OF JUSTICE:</i>			
Pass Through Payments:			
State Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	Unknown	\$ 97,057
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unknown	67,167
Total Department of Justice			\$ 164,224

City of Radford, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor / Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Entity Identifying Number	Federal Expenditures
DEPARTMENT OF TREASURY:			
Pass Through Payments:			
Virginia Department of Accounts			
COVID-19 - Coronavirus Relief Fund	21.019	SLT0022	\$ 625,512
Total Department of the Treasury			\$ 625,512
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Payments:			
Community Development Block Grants/Entitlement Grants	14.218	Not applicable	\$ 170,318
Total Department of Housing and Urban Development			\$ 170,318
DEPARTMENT OF TRANSPORTATION			
Pass Through Payments:			
<i>State Department of Rail and Transportation:</i>			
Federal Transit Cluster:			
Federal Transit Formula Grants	20.507	Unknown	\$ 549,080
COVID 19 - Federal Transit Formula Grants	20.507	Unknown	168,145
Highway Safety Cluster:			
<i>National Highway Traffic Safety Administration (NHTSA):</i>			
National Priority Safety Programs	20.616	Unknown	\$ 2,228
<i>State Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	50245/51151	8,412
Total Highway Safety Cluster			10,640
Total Department of Transportation			\$ 727,865
Total Expenditures of Federal Awards			\$ 2,797,443

Notes to Schedule of Expenditures of Federal Awards

Note A-Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Radford, Virginia under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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's Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (2) Pass-through entity identifying number are presented where available.
- (3) The City did not elect the 10% de minimus indirect cost rate because they only request direct costs for reimbursement.

Note C-Subrecipients:

The City did not have any subrecipients for the year ended June 30, 2020.

Note D-Outstanding Balance of Federal Loans

The City has not received any federal funding through loans.

City of Radford, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Note E-Donated Personal Protective Equipment (from federal assistance)(unaudited):

The City has not received any donated personal protective equipment (from federal assistance).

Note F-Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund-Intergovernmental	\$ 6,358,347
Less revenue from the Commonwealth	(4,630,811)
Transit Fund-Intergovernmental	1,114,483
Less revenue from the Commonwealth	(397,258)
Grants Fund-Intergovernmental	828,663
Less revenue from the Commonwealth	(475,981)
Highway Maintenance Fund-Intergovernmental	2,308,304
Less revenue from the Commonwealth	(2,308,304)
Capital Projects Fund-Intergovernmental	112,137
Less revenue from the Commonwealth	(112,137)
Total primary government	<u>\$ 2,797,443</u>

City of Radford, Virginia
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
20.507	Federal Transit Cluster
21.019	COVID-19 - Coronavirus Relief Fund

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

City of Radford, Virginia
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Section II - Financial Statement Findings

**Finding 2020-001
(Material Weakness)**

Criteria:	General and subsidiary ledgers should reconcile to one another.
Condition:	The City maintains accounting systems in the Treasurer's Office, the City Offices, and the School System that are not integrated. Accordingly, reconciliations between the systems are necessary to ensure the City's financial statements are correct. There were variances noted between the three systems that were subsequently corrected by the City through recommended adjusting entries.
Cause of Condition:	A lack of system integration and a difficult reconciliation process.
Effect of Condition:	Adjusting entries were recommended after the books closed.
Recommendation:	The City should integrate the Treasurer's Office and City Offices systems, as soon as practical.
Management's Response:	Management concurs with the recommendation and is working on integrating the systems.

**Finding 2020-002
(Material Weakness)**

Criteria:	Identification of adjustments to the financial statements that were not detected by the entity's internal controls indicates that a significant deficiency may exist.
Condition:	The City's financial statements required year end adjusting entries to ensure such statements complied with Generally Accepted Accounting Principles.
Cause of Condition:	During the closing process, the City failed to identify all year end accounting adjustments necessary for the accounts to be prepared in accordance with current reporting standards.
Effect of Condition:	There is a reasonable possibility that a misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	In the future, funds should be reviewed and adjusted as necessary to comply with current reporting standards.
Management's Response:	The City's current staff has a good understanding of the City's books and accounting processes. It is anticipated that the number of audit adjustments will decrease in future periods.

City of Radford, Virginia
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2020

Section III - Federal Award Findings and Questioned Costs

**Finding 2020-003
(Material Weakness)**

Agency: Department of Transportation

Federal Award Number/Year: VA-2020-008-00/2020

Program and CFDA Numbers: Federal Transit Formula Grants (20.507)

Pass-through Entities: State Department of Rail and Transportation

Compliance Requirement: Allowable Cost

Finding Type: Material Weakness

Criteria: Grant reimbursement requests should be reconciled to underlying documentation.

Condition: Grant reimbursement requests were not reconciled to underlying documentation and contract services and legal costs were requested twice for the month of January 2020.

Questioned Costs: Although the City requested contract services and legal costs twice for the month of January 2020 (\$54,525), the City had expenditures for the months of March and April 2020 that were allowable to cover the duplicate request.

Context: The City did not reconcile transit expenditures to reimbursement requests and requested contract services and legal costs twice for the month of January 2020.

Cause: Reconciliations were not performed and reviewed prior to the reimbursement request being submitted.

Effect: Amounts could be under or over-requested from the federal government.

Recommendation: The City should reconcile actual expenditures as posted in the transit fund to their reimbursement requests to ensure reimbursements are correct.

Views of Responsible Officials The City will implement the recommendation above.

Section IV - Status of Prior Audit Findings and Questioned Costs

Finding 2019-001 is recurring in the current fiscal year as finding 2020-001.