



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Date: June 25, 2026

Memorandum to: Todd Meredith, City Manager
Trish Cox, Finance Director

From: Robinson, Farmer, Cox Associates

Regarding: FY 24-25 Audit Recommendations

In planning and performing our audit of the financial statements of the City of Radford, Virginia for the year ended June 30, 2025, we considered the City's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience. **The audited financial statements contain findings in the schedule of findings and questioned costs and should be reviewed in conjunction with the comments below.**

Fire Program Funds:

The City receives fire program funds from the State annually (approximately \$82,000 in 2025) and completes a form to report how the funds were spent. The form filed for the 2024 fiscal year shows that the City is carrying over funds totaling \$819,883 to the 2025 fiscal year; however, it appears that the City has incurred allowable cost (such as debt service related to the purchase of a fire truck in 2018) that could be applied against this balance. We recommend that the City review these filings and determine if allowable cost have been incurred, but remain unreported to the State.

Disclosure Forms:

During our review of Statement of Economic Interest and Real Estate Disclosure Forms, we noted that several forms were missing for officials. In discussions with staff, it appears there is not a process in place to ensure all required officials are submitting the forms and the forms are being maintained onsite. We recommend the City come up with a process to ensure forms are completed, received and filed away for all required officials.

Capital Assets:

The City's capital asset listing does not contain sufficient detail in some cases to properly identify assets (primarily land holdings). It appears that unique numbers were assigned to parcels owned by the City; however, we could not determine how these numbers relate to parcels in the GIS system.

Accordingly, we recommend that the City perform a reconciliation of land reported in the capital asset listing to land reported in GIS under the City's name.

Budgeting Process:

In pulling together the budgetary comparison financial statements, we noted that certain **original budgeted** amounts do not appear to have considered underlying relationships. For instance: (A) The State Comprehensive Services (CSA Program) shows budgeted revenue was \$1.5 million and budgeted expenditures for the program were \$1.2 million and (B) State and Federal Social Services budgeted revenues were \$3.4 million against budgeted expenditures of \$2.6 million. Since these programs have a local match requirement, budgeted State and Federal revenues should be less than budgeted expenditures. We recommend that the City expand the budget process to consider such relationships and also develop forecasting models for locally derived revenues based on historical trends and/or underlying assessment data.

We noted that budgets for the grants fund and capital project fund are set up within Munis to roll from one fiscal year to the next. It appears the budgets for the grants fund and capital project fund were not reviewed and adjusted as projects and grants were complete/amended. As a result, when the budgets for the grants and capital projects rolled from fiscal year 2024 to fiscal year 2025 it caused negative revenues and expenses to be shown. We recommend the grants fund and capital project fund budgets be reviewed and updated as needed.

In addition, the City Council made appropriations totaling \$5,412,009 for the grants fund, but the final budget only shows appropriations of \$6,103,711. The City Council did not appropriate the carryover project budgets of \$691,711. We recommend a process to ensure Council appropriations from the minutes to the books agree and vice versa.

Write-off General Bills Late Fees:

In reviewing the City's general bills accounts receivable, we noted there were large amounts posted each month for general bills late fees. After the late fees were reviewed by staff, it appears approximately 50% of the people and/or businesses that owed these bills have passed away or are no longer in business. We recommend the listing be reviewed and balances that are deemed uncollectible to be written off. Additionally, we recommend the City follow up with those who still owe to try to collect payment.

Urban Highway Maintenance Payroll Costs:

During our review of payroll costs related to the Urban Highway Maintenance program, we noted there was time (payroll costs) for several employees charged as "Other (VDOT)" on the "Public Works Daily Work Record". We also noted that this time was not included in the "City of Radford Public Works Department Daily Work Schedule", which is reviewed and certified by the Public Works Superintendent. Accordingly, the expenses related to these employees is not reviewed for compliance with requirements of the Highway Maintenance Program. In the future, we recommend Public Works Superintendent review and certify all hours charged to Urban Highway Maintenance program.

Reconciliation of CDBG grant:

As part of the audit, we compare CDBG grant revenue to CDBG grant expenditures for the fiscal year. After discussions between the City and U.S. Department of Housing and Urban Development, the City was advised to draw down approximately \$57,000 in advance of expenditures being paid. However, based on program guidelines this program is a reimbursement-based program and funds should not be drawn down until the related expenditure has been made. We recommend a reconciliation of revenues and expenses be performed over the CDBG grant and other various grants the City receives to ensure timely receipt of funds and amounts are not reimbursed in advance and/or reimbursed twice.

Public Service Corporation Outstanding Listing:

In reviewing the City's public service corporation levy compared to collections, we noted collections were significantly less than expected. Upon inquiring, we noted there was approximately \$123,000 in public service corporation taxes that were due prior to June 30th but not include in the taxes receivable or outstanding tax listings provided. We recommend someone monitor and track public service corporation billings to collections throughout the year and listing be compiled of outstanding amounts as of June 30th each year.

Social Services Language Access Plan:

Each local social services department is required to implement guidance issued by the U.S. Department of Health and Human Services concerning the obligation of receipts of federal financial assistance to comply with Title VI of the Civil Rights Act of 1964 by ensuring that a meaningful access to federally-funded programs, activities and services, administered by the department is provided to limited English proficient (LEP) programs. As part of this state and federal requirement for any entity receiving federal funding in the provision of services or programs, the local social services department is required to establish and implement a formal Language Access Plan (LAP) to assist individuals with limited English proficiency, which also includes persons who have hearing and vision impairments. While Radford City's social services utilize translations services through Radford University or virtually, they do not have a formal LAP policy. We recommend the local department implement a formal LAP policy.

Social Services VIEW Program:

During our review of the VIEW activity and service plans, we noted there were several forms that were not signed by the participant or worker and/or did not include a "supportive/transitional services" description. We recommend each VIEW activity and service plan be completed in its entirety and reviewed by appropriate personnel to ensure the form is completed accurately. In the event the interview was taken place over the phone or virtually and the participant is not required to sign the VIEW activity and service plan, we recommend this be noted on the form for audit purposes.