

FINANCIAL STATEMENTS



CITY OF RADFORD, VIRGINIA

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

CITY OF RADFORD, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

Prepared By:
Department of Financial Services

CITY OF RADFORD, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INTRODUCTORY SECTION



January 22, 2024

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

The Annual Comprehensive Financial Report (Annual Report) for the City of Radford for the fiscal year ended June 30, 2023 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 Annual Report 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, 2023 City of Radford Annual 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 Annual Report.

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 16,499. It has agreements with the neighboring counties related to planning, revenue sharing and utility provision.

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. The University has had an overall enrollment historically of 9,500 students pre-pandemic, but has been in decline post-pandemic, due to online offerings and slower returns to the classroom. The University employs approximately 1,574 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 \$390 million dollars annually for the region's economy per the University's Economic Impact Study. The University continues to move forward with investments in new and remodeled facilities, as well as a focus on growth in enrollment and program offerings. These investments and its overall presence, make the University an important economic influence for the City.

The City is committed to providing a community conducive to a high quality of life for its citizens and a strong workforce for its businesses. The City's close proximity to I-81, as well as its central location between northern and southern markets, places it in an ideal geographic location for economic activities. Through the years, this has enabled the City to attract such industries and research companies as Regal Rexnord, Moog Aspen Motion Technologies, Huntington Solutions, TechLab, Alexander Industries and Oransi. The City's unemployment rate is currently 2.9% and has a workforce near 9,000. Unemployment has been improving over the past year.

Radford, like many communities throughout the Commonwealth and the United States, have felt the effects of a sluggish economy, inflationary impacts, the rising

cost of ordinary services, labor force challenges, supply chain factors, as well as changing consumer trends. 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 year from private investment, gains in property values, private investment and new construction. To keep cost stable for our households and businesses, some reorganization, conservative spending, and modest growth measures have been contributors to keeping our rate and tax structure. The electric rate increased in January, 2023 due to rising wholesale power costs.

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 promotion, housing development, neighborhood and commercial revitalization and retention efforts through its commissions and staff teams. Moderate increases in private investments are visible in housing growth, job announcements, 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 become somewhat stagnant due to University enrollment trends.

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 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 2022-2023 fiscal year totaled \$88,927. As of the plan's most recent actuarial valuation on June 30, 2022, the City's pension obligation was not fully funded. Please see Note 8 and Exhibits 16 and 17 for additional information on the City's retirement plan.

Capital Financing and Debt Service

At June 30, 2023 the City's legal debt limit is \$89,691,380. Net direct tax supported debt totaled \$29,492,163. Additional information about the City's legal debt limit can be obtained from Table 13. Long-term liabilities, excluding compensated absences, net pension liabilities, lease liabilities and OPEB obligations for all funds of the primary government as of June 30, 2023 totaled \$32,190,468 of which \$1,911,724 for Enterprise Fund activity is considered self-supporting as revenues for services are anticipated to cover operating and debt service needs. See Note 8 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 among the different funds. Cash that is not necessary in daily expenses 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.

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 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

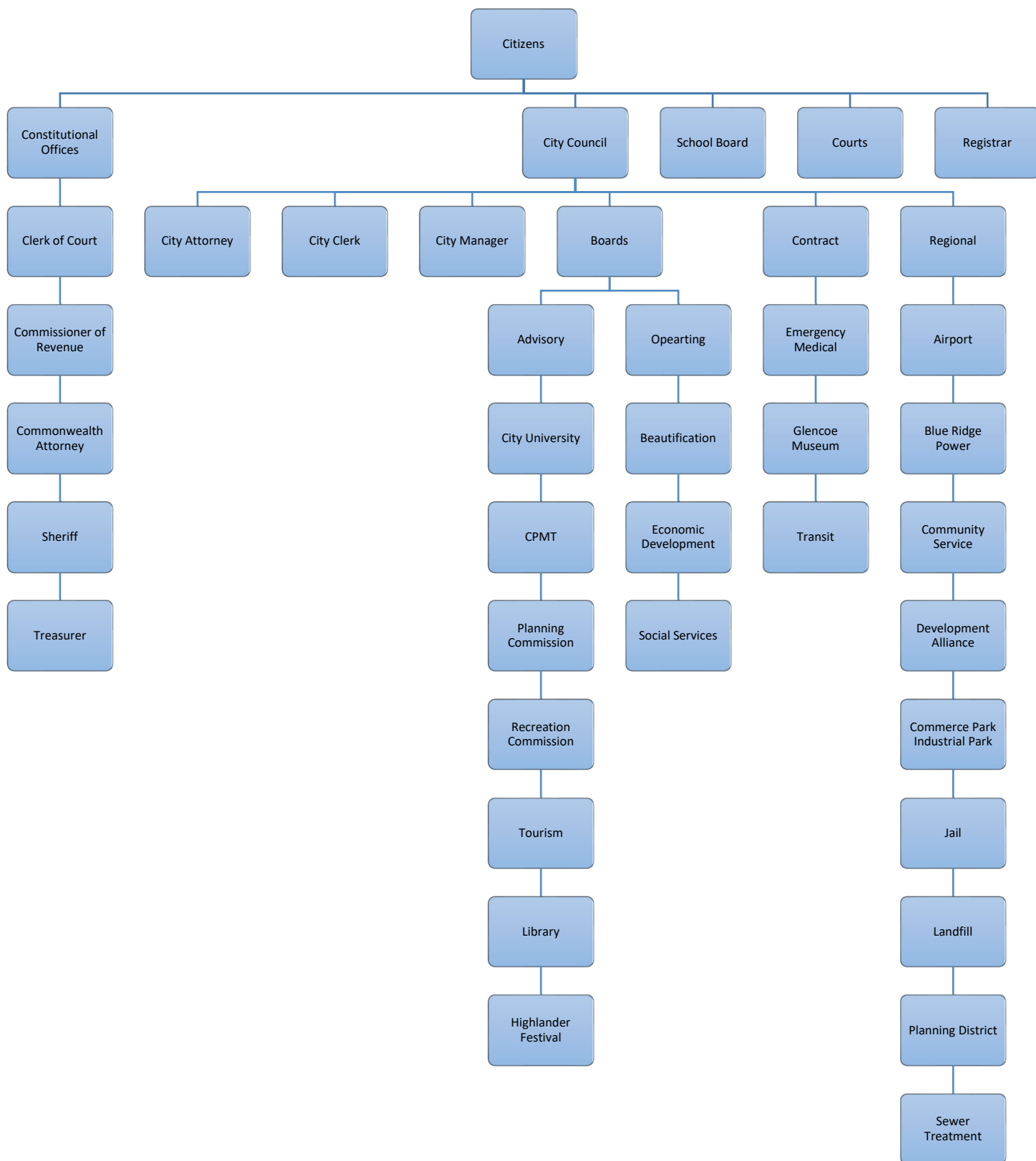
Seth Gillespie, Vice Mayor
Bobby Davis

David Horton, Mayor

Kellie Artrip
Jessie Foster

OTHER OFFICIALS

City ManagerDavid Ridpath
City Clerk Jenni Webb
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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 and for the year ended June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Radford, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Radford, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Radford, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Radford, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023, 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, 2023

CITY OF RADFORD, VIRGINIA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

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, 2023. The "Management Discussion and Analysis," 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 impact that the COVID-19 Pandemic has had on our national, state, and local perspective since the Spring of 2020 as well as other community demographic and economic conditions affecting operational revenues and expenditures. The MD&A recognizes a number of factors including the rising cost of products, supply chain issues, inflationary impacts from the national economy, as well as Radford variances.

Locally, revenues were stagnant or fell short of budget expectations due to changing customer habits, the reduction of Radford University students and faculty due to remote learning, and decreased business type activity revenue. All of these impact revenues including general property taxes, charges for services, utility sales and other local taxes. Where possible, the expenses were reduced across all areas of governmental operations including governmental and business type activities.

Federal Aid came in May 2021 and was extended into FY2023 through the American Rescue Plant Act (ARPA) from the public health emergency. 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, as well as personnel costs to name a few. \$4,114,196 was provided from ARPA for FY2023.

The pandemic and the economy have affected all City operations impacting finances, and local response. Recovery has been underway but slow as it relates to our community population and customer spending.

FINANCIAL HIGHLIGHTS

The City's net position excluding those of its component units, on the government-wide basis, totaled \$49,094,438 on June 30, 2023. \$51,318,936 is invested in capital assets, net of related debt. Net position of \$3,615,042 is restricted. Unrestricted net position was negative (\$5,839,540) at year end.

On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$21,310,414, which totaled \$2,699,359 more than the general revenues, net of transfers, of \$18,611,055.

On June 30, 2023, the City's governmental funds balance sheet reported total ending fund balance of \$4,347,119. Of this amount, \$82,242 remains in the general fund of the City as unassigned, a decrease of \$24,942 from FY 2022.

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 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, water and wastewater, and solid waste departments 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 units – 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, as listed in the table of contents, 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 of the basic financial statements.

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, the water and wastewater, and the solid waste operations.

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 after the fund basis financial statements.

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 and deferred outflows exceeded liabilities and deferred inflows by \$49,094.438 at the close of the FY2023 fiscal year.

By far the largest portion of the City of Radford's net position (104.53%) 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, \$3,615,042 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 \$51,645,064 to \$49,094,438 as a result of an increase in net position of Governmental-type activities in the amount of \$1,836,845, and a decrease of Business-type activities in the amount of \$4,387,111. The increase in net position of governmental-type activities is largely due to transfers from proprietary funds and pandemic relief funding.

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The following table presents a condensed summary of net position at June 30, 2023:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	11,337,107	11,836,513	5,113,902	9,088,711	16,451,009	20,925,224
Capital assets, net	<u>71,656,411</u>	<u>71,836,331</u>	<u>12,326,593</u>	<u>13,182,419</u>	<u>83,983,004</u>	<u>85,018,750</u>
Total assets	<u>82,993,518</u>	<u>83,672,844</u>	<u>17,440,495</u>	<u>22,271,130</u>	<u>100,434,013</u>	<u>105,943,974</u>
Deferred Outflows of Resources	<u>3,975,372</u>	<u>4,772,118</u>	<u>792,229</u>	<u>1,051,663</u>	<u>4,767,601</u>	<u>5,823,781</u>
Other liabilities	2,177,311	2,810,083	2,182,277	2,231,770	4,359,588	5,041,853
Long-term liabilities	<u>39,489,141</u>	<u>38,513,302</u>	<u>4,108,478</u>	<u>3,530,560</u>	<u>43,597,619</u>	<u>42,043,862</u>
Total liabilities	<u>41,666,452</u>	<u>41,323,385</u>	<u>6,290,755</u>	<u>5,762,330</u>	<u>47,957,207</u>	<u>47,085,715</u>
Deferred Inflows of Resources	<u>7,423,190</u>	<u>11,078,814</u>	<u>726,779</u>	<u>1,958,162</u>	<u>8,149,969</u>	<u>13,036,976</u>
Net Position:						
Invested in capital assets, net of related debt	40,817,986	39,426,735	10,500,950	11,155,025	51,318,936	50,581,760
Restricted	3,615,042	2,451,025	-	-	3,615,042	2,451,025
Unrestricted	<u>(6,553,780)</u>	<u>(5,834,997)</u>	<u>714,240</u>	<u>4,447,276</u>	<u>(5,839,540)</u>	<u>(1,387,721)</u>
Total net position	<u>37,879,248</u>	<u>36,042,763</u>	<u>11,215,190</u>	<u>15,602,301</u>	<u>49,094,438</u>	<u>51,645,064</u>

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Summary of Changes in Net Position:

The following table shows the revenues and expenses of the government as of June 30, 2023:

Summary of Changes in Net Position For the Fiscal Year Ended June 30, 2023						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	1,101,654	1,291,529	26,294,640	26,502,250	27,396,294	27,793,779
Operating grants and contributions	16,158,391	15,357,764	-	-	16,158,391	15,357,764
Capital grants and contributions	196,066	-	-	-	196,066	-
General Revenues:						
Property Taxes	10,413,648	9,571,431	-	-	10,413,648	9,571,431
Local sales and use taxes	1,590,842	1,509,145	-	-	1,590,842	1,509,145
Consumers' utility taxes	587,397	444,142	-	-	587,397	444,142
Business license taxes	643,549	598,325	-	-	643,549	598,325
Motor Vehicle Taxes	15,026	200,104	-	-	15,026	200,104
Restaurant food taxes	1,386,122	1,366,556	-	-	1,386,122	1,366,556
Other local taxes	761,403	762,718	-	-	761,403	762,718
Interest and rent income (net of fees)	35,237	31,397	93,485	(9,621)	128,722	21,776
Other income	1,013,404	1,019,256	336,656	183,885	1,350,060	1,203,141
Payments from business-type activities	915,703	915,703	-	-	915,703	915,703
Grants /contributions not restricted to specific program	1,235,124	1,239,196	-	-	1,235,124	1,239,196
Gain/(loss) on disposal of capital assets	13,600	-	-	-	13,600	-
Total Revenues	36,067,166	34,307,266	26,724,781	26,676,514	62,791,947	60,983,780
Expenses						
General Government	3,311,496	3,052,636	-	-	3,311,496	3,052,636
Judicial administration	1,548,662	1,439,910	-	-	1,548,662	1,439,910
Public Safety	11,996,230	10,605,186	-	-	11,996,230	10,605,186
Public Works	3,632,103	3,749,606	-	-	3,632,103	3,749,606
Health and Welfare	4,245,568	3,940,776	-	-	4,245,568	3,940,776
Education	6,490,813	4,950,835	-	-	6,490,813	4,950,835
Parks, recreation, and cultural	2,784,412	2,744,958	-	-	2,784,412	2,744,958
Community Development	3,988,388	3,091,037	-	-	3,988,388	3,091,037
Interest on long-term debt	768,853	968,410	-	-	768,853	968,410
Electric Operation	-	-	19,284,657	17,618,650	19,284,657	17,618,650
Water/Wastewater Operation	-	-	5,881,377	5,541,592	5,881,377	5,541,592
Solid Waste Operation	-	-	1,410,014	1,427,383	1,410,014	1,427,383
Total Expenses	38,766,525	34,543,354	26,576,048	24,587,625	65,342,573	59,130,979
Transfers	4,535,844	3,611,152	(4,535,844)	(3,611,152)	-	-
Increase (Decrease) in Net Position	1,836,485	3,375,064	(4,387,111)	(1,522,263)	(2,550,626)	1,852,801
Net Position, Beginning	36,042,763	32,667,699	15,602,301	17,124,564	51,645,064	49,792,263
Net Position, Ending	37,879,248	36,042,763	11,215,190	15,602,301	49,094,438	51,645,064

Operating grants and contributions, which is state and federal categorical aid, makes up about 44.4% of total revenue generated by governmental activities. This revenue source increased slightly during the fiscal year.

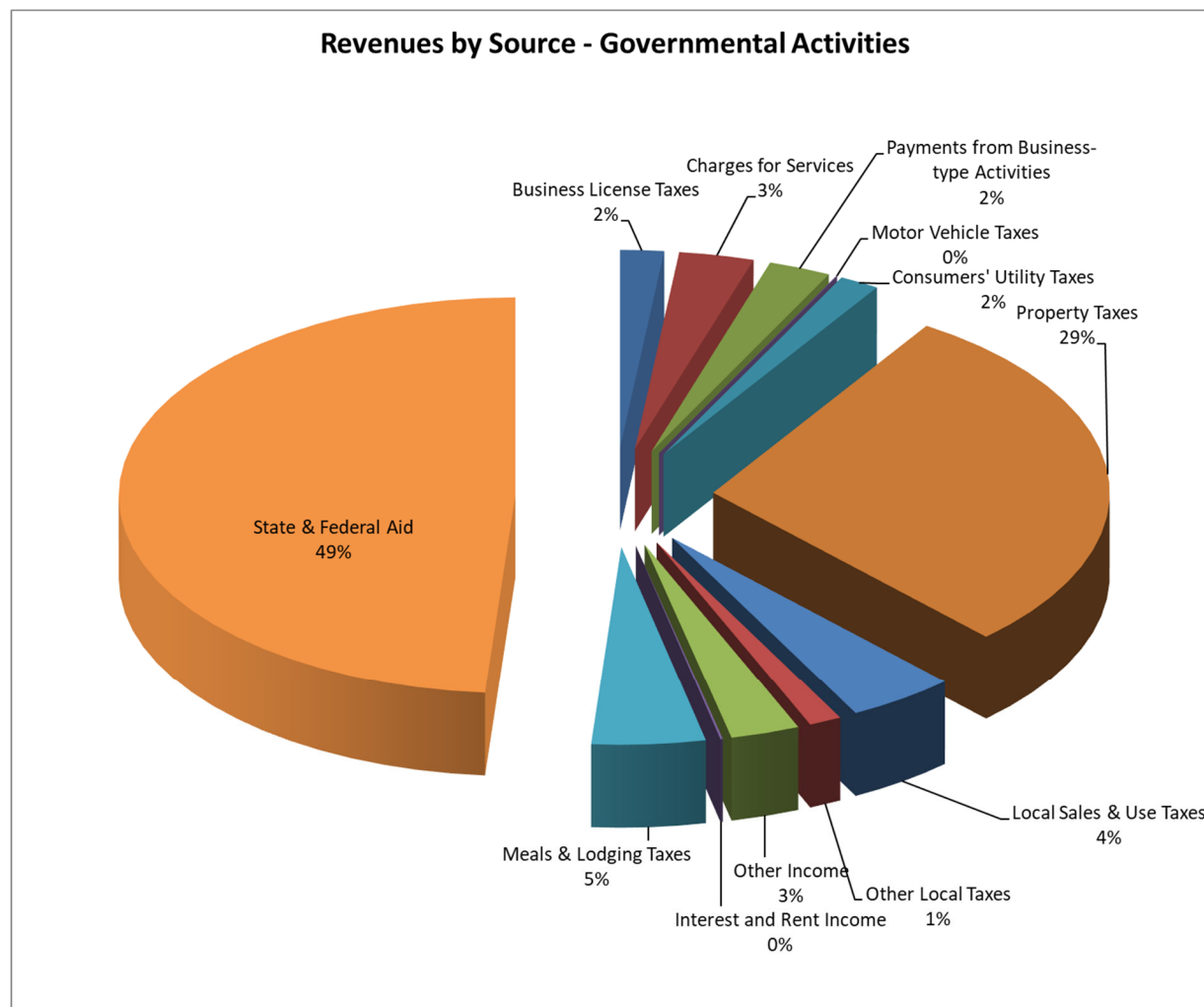
The property tax classification, which comprises approximately 28.87% of total revenue generated by governmental activities, includes real estate taxes, personal property taxes, and public service corporation taxes. Personal property taxes saw growth of 68%; while real estate taxes increased slightly by 0.1%.

Local sales and use tax increased 5.14% due to the tax on online shopping which has significantly increased in recent years. Restaurant taxes increased with outdoor and takeout dining options that started during the pandemic and has continued to increase, as well as an increase in the prices of meals driven by inflation as meals tax is charged as a percentage of the bill

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

Net transfers from other funds increased in FY2023. In FY2023, \$4,535,844 was transferred from Business-Type Activities to Governmental Activities compared to \$3,611,152 in FY2022.

Revenue generated for governmental activities are presented below by category:



Expenses for governmental activities totaled \$38,766,525 for the year, which is up 10.9% from the previous year. A cost-of-living adjustment was made to salaries in FY 2023 of 7%. Health insurance premiums increased 18.8%. Dental premiums increased 11.15% due to increasing the annual max per individual. Vision rates increased 12.24% due to a new enhanced plan that was offered. Rates from the Virginia Retirement System increased .81% from FY 2022.

Public Safety expenses continue to comprise the largest portion of governmental expenses at 30.94%. This includes police, fire, EMS, and jail and juvenile detention operations along with building official, code enforcement, and GIS. This category showed a slight .24% increase over the previous fiscal year.

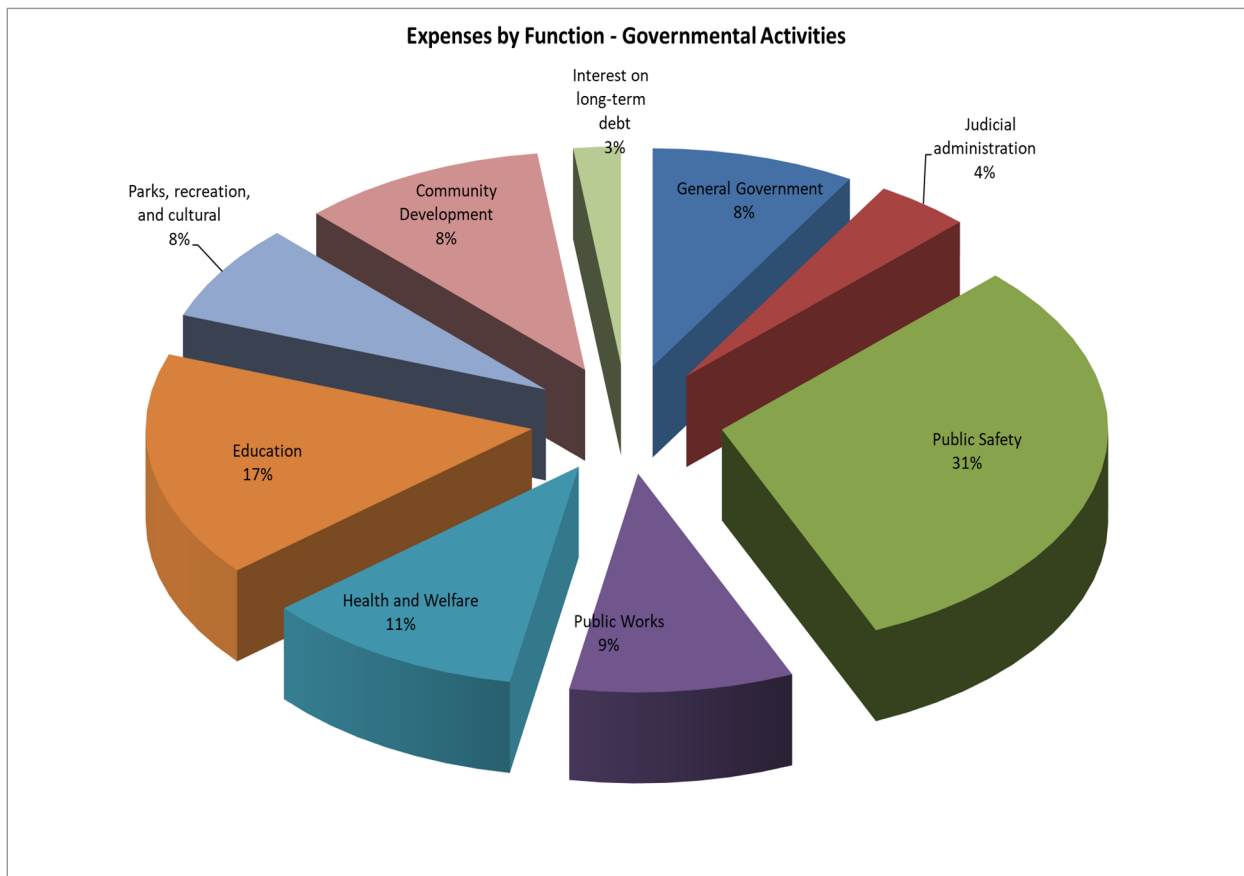
Funding for education is the second largest portion of expenses at 16.74%.

Health & Welfare expenses make up 10.95% of governmental expenses. The largest expense in this category is CSA and DSS. CSA costs have increased \$160,757 over the last year.

DSS expenses increased slightly as compared to FY 2022.

Expenses for Public Works are another large portion, by function, of the City's governmental activities at 9.37%. Expenses for street paving and maintenance, as well as maintenance of general buildings and engineering are included in this category.

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, 2023, the governmental funds reflect a total fund balance of \$4,347,119. Of this amount, \$405,721 is nonspendable as it covers prepaid expenses. \$3,371,623 is restricted by grantors, higher levels of government, or law. \$503,553 is committed by Council. The remainder, \$66,222, 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 \$82,242, while the total General Fund balance was \$2,295,256. 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 0.24% of the total General Fund expenditures, while total fund balance represents 6.72% 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 2019. The fund balance has decreased due to the effects of the COVID-19 pandemic but increases are expected through expenditure cuts and modest revenue growth.

The fund balance of the General Fund decreased by \$659,892. The unassigned portion decreased \$24,942. Again, largely due to the effects of stagnant revenues and expenses increasing during and after the pandemic.

General property and other local taxes make up a large portion of General Fund revenues, totaling \$15,296,028 in fiscal year 2023. Property taxes make up 67% of general property and other local taxes and increased compared to the prior year. Other local taxes had a slight increase from 2022. Radford University had a significant amount of construction during the past few years that has slowed 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 \$2,733,062 during the fiscal year, an increase of 1.15%. 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 \$1,602,097.

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 \$2,856,713.

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.

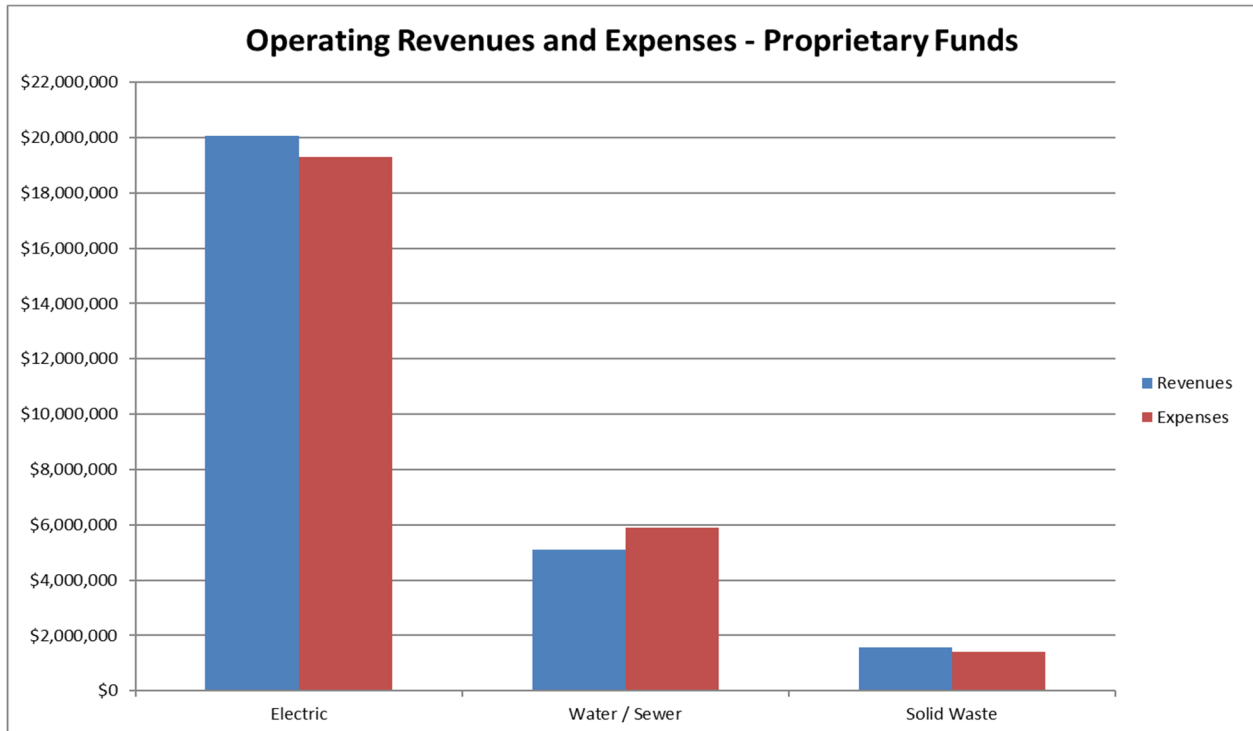
Unrestricted net position for the Electric Fund totaled \$406,148 at the end of the year, a decrease of \$2,943,226 from the prior year or about 87.8%. The net investment in capital assets decreased by \$276,101 mainly due to depreciation charges during the fiscal year.

Unrestricted net position for the Water/Wastewater Fund amounted to \$155,042 at the end of the year, which is a decrease of \$742,505. Change in net position was a decrease of \$1,094,199. The net investment in capital assets decreased by \$351,694 due to depreciation being more than the reduction in bonds payable.

Unrestricted net position for the Solid Waste Fund was \$153,050. This is less than the unrestricted net position of 2022 by \$47,305. This is a total decrease in the overall net position of \$73,585 which is less than last year.

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A graphical representation of proprietary funds follows:



GENERAL FUND BUDGETARY HIGHLIGHTS

There were thirty-nine amendments to the original budget during the 2022-2023 fiscal year. Significant increases in appropriations for the general fund budget are highlighted below:

- \$476,000 DCJS Law Enforcement Equipment Grant
- \$159,404 DCJS School Resource Officer's Grant
- \$100,000 Virginia Department of Health Drinking Water Grant
- \$75,961 DCJS School Resource Officer's Grant
- \$129,410 Victim Witness Grant

CAPITAL ASSETS

As of June 30, 2023, the City's capital assets for its governmental and business-type activities was \$83,983,004 (net of accumulated depreciation). This investment includes land, buildings and improvements, machinery and equipment, infrastructure and utility plants, and construction in progress. The total net decrease (additions less retirements and depreciation) in the City's investment in capital assets for the current year was \$1,035,746.

Major capital assets events during the year included the following:

- Police Vehicles
- University Drive Bridge
- Skateboard Park

- Pickleball Courts
- Bissett Park Upgrades
- Water Plant Roof
- Library Roof
- East Main Street Enhancements

Capital Assets, Net of Depreciation						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	2,930,969	2,930,969	712,498	712,498	3,643,467	3,643,467
Construction in Progress	1,384,636	16,488,061	133,853		1,518,489	16,488,061
Building & Improvements	41,142,898	25,924,339	334,687	305,608	41,477,585	26,229,947
Machinery & Equipment	5,425,529	5,517,476	1,601,562	1,539,211	7,027,091	7,056,687
Plant & Infrastructure	20,021,630	20,307,086	9,543,993	10,625,102	29,565,623	30,932,188
Leased Land	283,987	123,786	-	-	283,987	123,786
Leased Buildings and Improvements	459,245	528,581	-	-	459,245	528,581
Leased Machinery & Equipment	7,517	16,033	-	-	7,517	16,033
Total	<u>71,656,411</u>	<u>71,836,331</u>	<u>12,326,593</u>	<u>13,182,419</u>	<u>83,983,004</u>	<u>85,018,750</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, 2023, the City's long-term liabilities, not including compensated absences, net pension liabilities, operating leases and OPEB obligations, totaled \$32,190,468 comprised of \$30,078,460 related to governmental activities, and \$2,112,008 related to business-type activities. Total debt decreased by \$1,877,276 during the year.

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 \$29,492,163 applicable to the limit is below the legal debt limit of \$89,691,380.

The Component Unit School Board relies upon the City to provide full faith and credit for any debt obligations incurred. Therefore, the City reports the Component Unit School Board long-term liabilities, other than compensated absences, as its own. At June 30, 2023, \$13,935,000 of the governmental long-term debt was attributable to the Component Unit School Board for the construction of the McHarg renovations. In addition to bonded debt and capital lease obligations, the City's long-term obligations include compensated absences, pension obligations, OPEB obligations and other long-term obligations. 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	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	28,452,236	29,730,370	1,039,927	1,124,879	29,492,163	30,855,249
Revenue Bonds	-	-	546,864	585,299	546,864	585,299
Unamortized Premium	1,327,245	1,618,163	200,284	241,540	1,527,529	1,859,703
Capital Lease	298,979	390,382	38,568	75,676	337,547	466,058
Due to Pulaski County	-	-	286,365	301,435	286,365	301,435
Total	30,078,460	31,738,915	2,112,008	2,328,829	32,190,468	34,067,744

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Radford's financial statements are impacted by overall economic conditions. The past several years, since the pandemic, have been financially challenging as we restructure our economic reliance, business activity and budgetary needs. The FY2024 budget reflected growing spending and investment, as well as slow recovery due to the pandemic. The outlook for Radford is stabilizing as the local economy recovers and adjusts to new market conditions. 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 has declined to 2.9% with only 242 individuals listed as unemployed. The City's rate is the same as the state average of 2.9%, which is lower than the national average of 3.7%. The City's largest employer, Radford University, comprises 204 acres of land and sixty-one buildings. Its 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 in-Radford residential number from 9,400 to 5,000 students. This lower number is expected to impact General Fund revenues as well as business activity sales. Other industrial business interests and construction are reflecting modest job growth and investment. Ongoing efforts will focus on business expansion, business recruitment, private investment, expanded residential and university interest.

The City's inflationary trends and materials availability compare to national reports. General property, other local tax collections and business activity sales are a focal point in their significance to our budget, as well as a reflection of overall economic growth. The FY 2023 budget had seen positive highlights with savings realized from employee vacancies, improved efficiency, and significant growth in building permits. Pandemic relief in the form of ARPA funding has been helpful.

Future budget issues relate to any impact of post pandemic influences, energy regulation, limited land area for growth, capital equipment needs, school system needs, University trends, as well as state and national economic and inflationary trends. 2022 and 2023 real property values increased slightly reflecting growing private investment and new opportunities.

FY2024 has been looking much improved with low unemployment, steady building permits approaching \$12 million and business and industry investments in machinery and tools and their workforce(s). New

housing developments are planned and new commercial projects targeted. Oranzi, an international air purification company, purchased a former vacant industrial building and has been moving its operation to Radford and is growing local investment and jobs. The City has purchased an 80-acre parcel of land to be developed into a new industrial park. Economic indications associated with real property, meals and sales and business licenses are all rising as business, citizens and local government adapt to the pandemic and new ways to deliver and expand services. The City is also seeing robust investment and development of homes for retirees. The new hotel opened in the Spring of 2023 with many amenities including conference space and a restaurant expanding revenues associated with meals, sales, and lodging.

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, 2023

	Primary Government			Component	Component
	Governmental	Business-type	Total	Unit	Unit
	<u>Activities</u>	<u>Activities</u>		<u>School Board</u>	<u>EDA</u>
ASSETS					
Cash and cash equivalents	\$ 3,369,928	\$ 1,881,554	\$ 5,251,482	\$ 3,136,622	\$ 279,423
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,031,968	-	4,031,968	-	-
Accounts receivable	894,550	2,246,245	3,140,795	23,710	30,304
Leases receivable	384,700	-	384,700	-	-
Due from component unit	14,662	-	14,662	-	-
Due from other governmental units	2,138,479	-	2,138,479	842,183	-
Due from primary government	-	-	-	-	-
Inventories	84,978	921,148	1,006,126	49,729	586,174
Prepaid items	417,842	64,955	482,797	7,300	-
Net pension asset	-	-	-	52,464	-
Capital assets:					
Capital assets, not being depreciated/amortized	4,315,605	846,351	5,161,956	792,619	-
Capital assets net of accumulated depreciation/amortization	67,340,806	11,480,242	78,821,048	9,506,137	11,277
Total assets	\$ 82,993,518	\$ 17,440,495	\$ 100,434,013	\$ 14,410,764	\$ 907,178
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	\$ 311,225	\$ -	\$ 311,225	\$ -	\$ -
Pension related items	2,217,757	698,346	2,916,103	3,297,577	-
OPEB related items	1,446,390	93,883	1,540,273	477,570	-
Total deferred outflows of resources	\$ 3,975,372	\$ 792,229	\$ 4,767,601	\$ 3,775,147	\$ -
LIABILITIES					
Accounts payable	\$ 1,025,820	\$ 1,562,328	\$ 2,588,148	\$ 447,601	\$ 101
Accrued wages	561,803	157,372	719,175	35,638	-
Accrued health claims	-	-	-	270,868	-
Customers' deposits	-	438,179	438,179	-	-
Amount held for others	120,024	-	120,024	-	-
Accrued interest payable	429,996	24,398	454,394	-	-
Due to primary government	-	-	-	14,738	-
Unearned revenue	39,668	-	39,668	243,645	-
Long-term liabilities:					
Due within one year	2,617,888	431,412	3,049,300	476,255	-
Due in more than one year	36,871,253	3,677,066	40,548,319	13,099,464	-
Total liabilities	\$ 41,666,452	\$ 6,290,755	\$ 47,957,207	\$ 14,588,209	\$ 101
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 3,790,470	\$ -	\$ 3,790,470	\$ -	\$ -
Pension related items	2,265,254	673,775	2,939,029	2,594,946	-
OPEB related items	999,521	53,004	1,052,525	416,312	-
Lease related items	367,945	-	367,945	-	-
Total deferred inflows of resources	\$ 7,423,190	\$ 726,779	\$ 8,149,969	\$ 3,011,258	\$ -
NET POSITION					
Net investment in capital assets	\$ 40,817,986	\$ 10,500,950	\$ 51,318,936	\$ 10,263,891	\$ 11,277
Restricted	3,615,042	-	3,615,042	2,372,720	-
Unrestricted (deficit)	(6,553,780)	714,240	(5,839,540)	(12,050,167)	895,800
Total net position	\$ 37,879,248	\$ 11,215,190	\$ 49,094,438	\$ 586,444	\$ 907,077

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, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Component Units
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 3,311,496	\$ 97,316	\$ 281,519	\$ -	\$ (2,932,661)	\$ -	\$ (2,932,661)
Judicial administration	1,548,662	201,955	553,863	-	(792,844)	-	-
Public safety	11,996,230	681,679	6,499,166	-	(4,815,385)	-	-
Public works	3,632,103	19,122	2,741,913	196,066	(675,002)	-	-
Health and welfare	4,245,568	-	3,271,321	-	(974,247)	-	-
Education	6,490,813	-	-	-	(6,490,813)	-	-
Parks, recreation, and cultural	2,784,412	101,582	267,148	-	(2,415,682)	-	-
Community development	3,988,388	-	2,543,461	-	(1,444,927)	-	-
Interest	768,853	-	-	-	(768,853)	-	-
Total governmental activities	\$ 38,766,525	\$ 1,101,654	\$ 16,158,391	\$ 196,066	\$ (21,310,414)	\$ -	\$ (21,310,414)
Business-type activities:							
Water and sewer	\$ 5,881,377	\$ 4,948,972	\$ -	\$ -	\$ -	(932,405)	\$ (932,405)
Electric	19,284,657	19,783,549	-	-	-	498,892	498,892
Solid waste	1,410,014	1,562,119	-	-	-	152,105	152,105
Total business-type activities	\$ 26,576,048	\$ 26,294,640	\$ -	\$ -	\$ -	(281,408)	\$ (281,408)
Total primary government	\$ 65,342,573	\$ 27,396,294	\$ 16,158,391	\$ 196,066	\$ (21,310,414)	\$ (281,408)	\$ (21,591,822)
COMPONENT UNITS:							
School Board	\$ 36,037,275	\$ 1,828,767	\$ 13,128,341	\$ 1,757,815	\$ -	\$ -	\$ (19,322,352)
EDA	29,153	77,091	-	-	-	-	47,938
Total component units	\$ 36,066,428	\$ 1,905,858	\$ 13,128,341	\$ 1,757,815	\$ -	\$ -	\$ (19,322,352)
General revenues:							
General property taxes					\$ 10,413,648	\$ -	\$ 10,413,648
Other local taxes:							
Local sales and use taxes					1,590,842	-	1,590,842
Consumers' utility taxes					587,397	-	587,397
Business license taxes					643,549	-	643,549
Motor vehicle taxes					15,026	-	15,026
Restaurant food taxes					1,386,122	-	1,386,122
Bank stock taxes					210,558	-	210,558
Hotel and motel room taxes					282,913	-	282,913
Other local taxes					267,932	-	267,932
Unrestricted revenues from the use of money (net of fees)					-	93,485	93,485
Miscellaneous					1,929,107	336,656	2,265,763
Contributions from the City of Radford					-	-	-
Grants and contributions not restricted to specific programs					1,235,124	-	1,235,124
Gain on disposal of surplus					13,600	-	13,600
Transfers					4,535,844	(4,535,844)	-
Total general revenues and transfers					\$ 23,146,899	\$ (4,105,703)	\$ 19,041,196
Change in net position					\$ 1,836,485	\$ (4,387,111)	\$ (2,550,626)
Net position - beginning					36,042,763	15,602,301	51,645,064
Net position - ending					\$ 37,879,248	\$ 11,215,190	\$ 49,094,438
						\$ 586,444	\$ 907,077

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

City of Radford, Virginia
Balance Sheet
Governmental Funds
June 30, 2023

	<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	\$ 1,910,272	\$ -	\$ 10,591	\$ 2,003,737	\$ 93,285	\$ 4,017,885
Receivables (net of allowance for uncollectibles):						
Taxes receivable	4,031,968	-	-	-	-	4,031,968
Accounts receivable	849,950	42,952	-	-	-	892,902
Leases receivable	384,700	-	-	-	-	384,700
Due from component unit	14,662	-	-	-	-	14,662
Due from other governmental units	1,019,266	572,263	546,950	-	-	2,138,479
Prepaid items	374,627	552	16,020	14,522	-	405,721
Total assets	<u>\$ 8,585,445</u>	<u>\$ 615,767</u>	<u>\$ 573,561</u>	<u>\$ 2,018,259</u>	<u>\$ 93,285</u>	<u>\$ 11,886,317</u>
LIABILITIES						
Accounts payable	\$ 500,160	212,059	\$ 279,977	\$ 30,069	\$ -	\$ 1,022,265
Accrued wages and benefits	510,489	1,940	30,284	24,558	-	567,271
Accrued vacation and sick pay	162,542	934	1,126	11,995	-	176,597
Amounts held for others	120,024	-	-	-	-	120,024
Reconciled overdraft	-	393,893	258,655	-	-	652,548
Unearned revenue	36,149	-	3,519	-	-	39,668
Total liabilities	<u>\$ 1,329,364</u>	<u>\$ 608,826</u>	<u>\$ 573,561</u>	<u>\$ 66,622</u>	<u>\$ -</u>	<u>\$ 2,578,373</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	\$ 4,227,655	\$ -	\$ -	\$ -	\$ -	\$ 4,227,655
Unavailable revenue-ambulance billings	120,125	-	-	-	-	120,125
Unavailable revenue-opioid settlement receivable	228,345	-	-	-	-	228,345
Lease related items	384,700	-	-	-	-	384,700
Total deferred inflows of resources	<u>\$ 4,960,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,960,825</u>
FUND BALANCES						
Nonspendable	\$ 374,627	\$ 552	\$ 16,020	\$ 14,522	\$ -	\$ 405,721
Restricted	1,428,119	6,389	-	1,937,115	-	3,371,623
Committed	410,268	-	-	-	93,285	503,553
Unassigned	82,242	-	(16,020)	-	-	66,222
Total fund balances	<u>\$ 2,295,256</u>	<u>\$ 6,941</u>	<u>\$ -</u>	<u>\$ 1,951,637</u>	<u>\$ 93,285</u>	<u>\$ 4,347,119</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,585,445</u>	<u>\$ 615,767</u>	<u>\$ 573,561</u>	<u>\$ 2,018,259</u>	<u>\$ 93,285</u>	<u>\$ 11,886,317</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, 2023

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	4,347,119	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, not being depreciated/amortized	\$	4,315,605	
Capital assets, being depreciated/amortized (excludes \$379,176 in Internal Service Fund)		132,567,279	
Accumulated depreciation/amortization (excludes \$332,924 in Internal Service Fund)		<u>(65,272,725)</u>	71,610,159
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Unavailable revenue-property taxes	\$	437,185	
Unavailable revenue-ambulance billings		120,125	
Unavailable revenue-opioid settlement receivable		<u>228,345</u>	785,655
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.			46,252
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 \$51,033 in Internal Services Fund)	\$	2,166,724	
OPEB related items (excludes \$5,214 in Internal Services Fund)		<u>1,441,176</u>	3,607,900
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	\$	(28,452,236)	
Deferred charges on refunding		311,225	
Financed purchases		(298,979)	
Lease liabilities		(759,965)	
Accrued interest payable		(429,996)	
Unamortized bond premium		(1,327,245)	
Compensated absences (net of fund liabilities of \$189,997 and excludes \$6,194 in Internal Services Fund)		(872,043)	
Net OPEB liabilities (excludes \$22,465 in Internal Services Fund)		(3,203,741)	
Net pension liability (excludes \$79,337 in Internal Services Fund)		<u>(4,276,939)</u>	(39,309,919)
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 \$37,035 in Internal Services Fund)	\$	(2,228,219)	
OPEB related items (excludes \$3,067 in Internal Services Fund)		(996,454)	
Lease receivable related items		<u>16,755</u>	(3,207,918)
Net position of governmental activities	\$	<u><u>37,879,248</u></u>	

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, 2023

	<u>General</u>	<u>Transit</u>	<u>Grants</u>	<u>Highway Maintenance</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES						
General property taxes	\$ 10,311,689	\$ -	\$ -	\$ -	\$ -	\$ 10,311,689
Other local taxes	4,984,339	-	-	-	-	4,984,339
Permits, privilege fees, and regulatory licenses	87,237	-	-	-	-	87,237
Fines and forfeitures	159,582	-	-	-	-	159,582
Revenue from the use of money and property	236,246	-	-	381	-	236,627
Charges for services	742,019	28,666	-	16,566	-	787,251
Miscellaneous	1,710,960	264,306	4,607	-	-	1,979,873
Recovered costs	12,621	-	-	476,821	-	489,442
Intergovernmental	10,758,057	2,300,299	1,602,097	2,733,062	196,066	17,589,581
Total revenues	<u>\$ 29,002,750</u>	<u>\$ 2,593,271</u>	<u>\$ 1,606,704</u>	<u>\$ 3,226,830</u>	<u>\$ 196,066</u>	<u>\$ 36,625,621</u>
EXPENDITURES						
General government administration	\$ 3,853,498	\$ -	\$ -	\$ -	\$ -	\$ 3,853,498
Judicial administration	1,569,346	-	-	-	-	1,569,346
Public safety	10,622,615	-	1,374,551	-	-	11,997,166
Public works	1,487,227	-	9,746	1,507,879	-	3,004,852
Health and welfare	4,153,758	-	33,764	-	-	4,187,522
Education	6,082,892	-	-	-	-	6,082,892
Parks, recreation, and cultural	2,633,159	-	29,477	-	-	2,662,636
Community development	584,734	2,856,713	192,229	-	-	3,633,676
Capital projects	602,490	-	-	1,057,905	102,781	1,763,176
Debt service:						
Principal retirement	1,497,413	-	-	-	-	1,497,413
Interest and other fiscal charges	1,072,233	-	-	-	-	1,072,233
Total expenditures	<u>\$ 34,159,365</u>	<u>\$ 2,856,713</u>	<u>\$ 1,639,767</u>	<u>\$ 2,565,784</u>	<u>\$ 102,781</u>	<u>\$ 41,324,410</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,156,615)</u>	<u>\$ (263,442)</u>	<u>\$ (33,063)</u>	<u>\$ 661,046</u>	<u>\$ 93,285</u>	<u>\$ (4,698,789)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 4,279,563	\$ 246,829	\$ 22,544	\$ -	\$ -	\$ 4,548,936
Issuance of lease liabilities	217,160	-	-	-	-	217,160
Sale of capital assets	-	13,600	-	-	-	13,600
Total other financing sources (uses)	<u>\$ 4,496,723</u>	<u>\$ 260,429</u>	<u>\$ 22,544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,779,696</u>
Net change in fund balances	\$ (659,892)	\$ (3,013)	\$ (10,519)	\$ 661,046	\$ 93,285	\$ 80,907
Fund balances - beginning	2,955,148	9,954	10,519	1,290,591	-	4,266,212
Fund balances - ending	<u>\$ 2,295,256</u>	<u>\$ 6,941</u>	<u>\$ -</u>	<u>\$ 1,951,637</u>	<u>\$ 93,285</u>	<u>\$ 4,347,119</u>

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, 2023

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

Net change in fund balances - total governmental funds	\$	80,907
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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/amortization expense. This is the detail of items supporting this adjustment. capital outlays in the current period.

Capital outlays	\$ 3,104,886	
Depreciation/amortization expense (excludes \$7,471 in Internal Service Fund)	(3,277,335)	(172,449)

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

Property taxes	\$ 101,959	
Rescue squad charges	65,146	
Opioid settlement receivable	(50,766)	
Lease related items	2,438	118,777

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 lease liabilities	\$ (217,160)	
Principal repayments:		
General obligation bonds	1,278,134	
Financed purchases	91,403	
Lease liabilities	127,876	1,280,253

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 \$(27,047) of fund liabilities and excludes \$7,878 in Internal Services Fund)	\$ (78,326)	
Change in accrued interest payable	29,752	
Amortization of bond premium	290,918	
Amortization of deferred charge on refunding	(17,290)	
Change in OPEB related items	(328,091)	
Change in pension related items	645,128	542,091

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.

(13,094)

Change in net position of governmental activities	\$	<u>1,836,485</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, 2023

	Enterprise Funds				Internal Service Fund
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 488,561	\$ 795,746	\$ 597,247	\$ 1,881,554	\$ 4,591
Accounts receivable, net of allowance for uncollectibles	364,625	1,730,333	151,287	2,246,245	1,648
Inventories	206,174	714,974	-	921,148	84,978
Prepaid items	26,348	28,462	10,145	64,955	12,121
Total current assets	\$ 1,085,708	\$ 3,269,515	\$ 758,679	\$ 5,113,902	\$ 103,338
Noncurrent assets:					
Capital assets:					
Capital assets, not being depreciated	\$ 322,587	\$ 523,764	\$ -	\$ 846,351	\$ -
Capital assets, net of accumulated depreciation	7,551,854	3,689,666	238,722	11,480,242	46,252
Total capital assets	\$ 7,874,441	\$ 4,213,430	\$ 238,722	\$ 12,326,593	\$ 46,252
Total noncurrent assets	\$ 7,874,441	\$ 4,213,430	\$ 238,722	\$ 12,326,593	\$ 46,252
Total assets	\$ 8,960,149	\$ 7,482,945	\$ 997,401	\$ 17,440,495	\$ 149,590
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 272,098	\$ 328,428	\$ 97,820	\$ 698,346	\$ 51,033
OPEB related items	32,925	47,600	13,358	93,883	5,214
Total deferred outflows of resources	\$ 305,023	\$ 376,028	\$ 111,178	\$ 792,229	\$ 56,247
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 211,658	\$ 1,324,139	\$ 26,531	\$ 1,562,328	\$ 3,555
Salaries and wages payable	54,264	83,426	19,682	157,372	8,372
Customers' deposits	46,284	391,895	-	438,179	-
Accrued interest payable	-	12,567	11,831	24,398	-
Compensated absences - current portion	64,993	103,601	18,255	186,849	4,316
Due to Pulaski County PSA - current portion	-	-	39,608	39,608	-
Financed purchase - current portion	-	-	38,568	38,568	-
Bonds payable - current portion	48,388	117,999	-	166,387	-
Total current liabilities	\$ 425,587	\$ 2,033,627	\$ 154,475	\$ 2,613,689	\$ 16,243
Noncurrent liabilities:					
Compensated absences - net of current portion	\$ 21,664	\$ 34,534	\$ 6,085	\$ 62,283	\$ 1,438
Due to Pulaski County PSA - net of current portion	-	-	246,757	246,757	-
Bonds payable - net of current portion	513,403	1,107,285	-	1,620,688	-
Net OPEB liabilities	140,754	202,560	56,608	399,922	22,465
Net pension liability	481,466	679,446	186,504	1,347,416	79,337
Total noncurrent liabilities	\$ 1,157,287	\$ 2,023,825	\$ 495,954	\$ 3,677,066	\$ 103,240
Total liabilities	\$ 1,582,874	\$ 4,057,452	\$ 650,429	\$ 6,290,755	\$ 119,483
DEFERRED INFLOWS OF RESOURCES					
Pension related items	\$ 195,773	\$ 380,454	\$ 97,548	\$ 673,775	\$ 37,035
OPEB related items	18,833	26,773	7,398	53,004	3,067
Total deferred inflows of resources	\$ 214,606	\$ 407,227	\$ 104,946	\$ 726,779	\$ 40,102
NET POSITION					
Net investment in capital assets	\$ 7,312,650	\$ 2,988,146	\$ 200,154	\$ 10,500,950	\$ 46,252
Unrestricted	155,042	406,148	153,050	714,240	-
Total net position	\$ 7,467,692	\$ 3,394,294	\$ 353,204	\$ 11,215,190	\$ 46,252

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, 2023

	Enterprise Funds				Internal
	Water and <u>Sewer Fund</u>	Electric <u>Fund</u>	Solid Waste <u>Fund</u>	<u>Total</u>	Service <u>Funds</u>
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 2,389,341	\$ -	\$ -	\$ 2,389,341	\$ -
Electric sales	-	19,570,531	-	19,570,531	-
Sanitation charges	-	-	1,562,119	1,562,119	-
Internal service charges	-	-	-	-	1,073,801
Sewer sales	2,319,196	-	-	2,319,196	-
Tap fees	-	-	-	-	-
Connection fees	74,354	-	-	74,354	-
Availability fees	74,788	-	-	74,788	-
Penalties	91,293	213,018	-	304,311	-
Miscellaneous revenue	59,497	212,951	9,838	282,286	6,181
Other revenues	-	54,370	-	54,370	-
Total operating revenues	\$ 5,008,469	\$ 20,050,870	\$ 1,571,957	\$ 26,631,296	\$ 1,079,982
OPERATING EXPENSES					
Personnel	\$ 1,787,965	\$ 2,277,210	\$ 664,139	\$ 4,729,314	\$ 246,523
Professional services	179,708	224,343	12,486	416,537	14,652
Automotive expenses	147,018	86,223	175,187	408,428	639,179
Office supplies and expenses	22,993	4,696	7	27,696	1,346
Risk management	31,399	29,221	11,627	72,247	4,655
Postal services	271	103	-	374	-
Telecommunications	59,334	28,334	517	88,185	1,408
Conferences and education	9,532	4,991	-	14,523	1,216
Advertising	465	-	-	465	-
Dues and memberships	-	52,516	-	52,516	-
Heating service	8,839	-	-	8,839	2,881
Repairs and maintenance	262,398	304,660	-	567,058	105,031
Janitorial supplies	1,959	3,657	101	5,717	1,608
Tools	10,794	123,032	-	133,826	2,363
Lease/rentals	48,368	2,984	-	51,352	-
Agricultural supplies	514	-	-	514	-
Uniforms	12,787	21,602	2,282	36,671	996
Building expenses	3,138	-	4,596	7,734	25,492
Solid waste services	2,304	3,048	-	5,352	-
Electrical service	253,372	1,134	1,137	255,643	22,418
Water and waste services	2,977	690	343	4,010	2,457
Refuse hauling	-	-	102,402	102,402	-
Supplies	3,584	-	-	3,584	-
Purchase of electricity	-	15,101,187	-	15,101,187	-
Services from other governments	1,764,205	-	173,462	1,937,667	-
Payment in lieu of taxes	394,403	338,793	182,507	915,703	-
Miscellaneous	1,447	23,704	-	25,151	-
Chemicals and gases	114,314	-	-	114,314	288
Depreciation	757,289	642,096	63,388	1,462,773	7,471
Total operating expenses	\$ 5,881,377	\$ 19,274,224	\$ 1,394,181	\$ 26,549,782	\$ 1,079,984
Operating income (loss)	\$ (872,908)	\$ 776,646	\$ 177,776	\$ 81,514	\$ (2)
NONOPERATING REVENUES (EXPENSES)					
Interest income (net of bank fees)	\$ 87,957	\$ 5,474	\$ 54	\$ 93,485	\$ -
Interest expense	-	(10,433)	(15,833)	(26,266)	-
Total nonoperating revenues (expenses)	\$ 87,957	\$ (4,959)	\$ (15,779)	\$ 67,219	\$ -
Income (loss) before transfers	\$ (784,951)	\$ 771,687	\$ 161,997	\$ 148,733	\$ (2)
Transfers out	(309,248)	(3,991,014)	(235,582)	(4,535,844)	(13,092)
Change in net position	\$ (1,094,199)	\$ (3,219,327)	\$ (73,585)	\$ (4,387,111)	\$ (13,094)
Net position - beginning	8,561,891	6,613,621	426,789	15,602,301	59,346
Net position - ending	\$ 7,467,692	\$ 3,394,294	\$ 353,204	\$ 11,215,190	\$ 46,252

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, 2023

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 5,059,681	\$ 20,159,813	\$ 1,564,591	\$ 26,784,085	\$ -
Receipts from interfund services	-	-	-	-	1,081,850
Payments to suppliers	(3,431,986)	(16,472,710)	(670,565)	(20,575,261)	(830,085)
Payments to employees	(1,765,709)	(2,416,024)	(720,005)	(4,901,738)	(234,082)
Net cash provided by (used for) by operating activities	\$ (138,014)	\$ 1,271,079	\$ 174,021	\$ 1,307,086	\$ 17,683
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	\$ (309,248)	\$ (3,991,014)	\$ (235,582)	\$ (4,535,844)	\$ (13,092)
Net cash provided by (used for) by noncapital financing activities	\$ (309,248)	\$ (3,991,014)	\$ (235,582)	\$ (4,535,844)	\$ (13,092)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	\$ (357,208)	\$ (249,739)	\$ -	\$ (606,947)	\$ -
Principal payments to Pulaski County PSA	-	-	(15,070)	(15,070)	-
Principal payments on bonds	(48,387)	(75,000)	-	(123,387)	-
Principal payments on financed purchase	-	-	(37,108)	(37,108)	-
Interest expense	-	(52,791)	(17,829)	(70,620)	-
Net cash provided by (used for) by capital and related financing activities	\$ (405,595)	\$ (377,530)	\$ (70,007)	\$ (853,132)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	\$ 87,957	\$ 5,474	\$ 54	\$ 93,485	\$ -
Net cash provided by (used for) by investing activities	\$ 87,957	\$ 5,474	\$ 54	\$ 93,485	\$ -
Net increase (decrease) in cash and cash equivalents	\$ (764,900)	\$ (3,091,991)	\$ (131,514)	\$ (3,988,405)	\$ 4,591
Cash and cash equivalents - beginning	1,253,461	3,887,737	728,761	5,869,959	-
Cash and cash equivalents - ending	\$ 488,561	\$ 795,746	\$ 597,247	\$ 1,881,554	\$ 4,591
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:					
Operating income (loss)	\$ (872,908)	\$ 776,646	\$ 177,776	\$ 81,514	\$ (2)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	\$ 757,289	\$ 642,096	\$ 63,388	\$ 1,462,773	\$ 7,471
(Increase) decrease in accounts receivable	46,050	65,325	(7,366)	104,009	1,868
(Increase) decrease in inventories	(92,462)	(54,949)	-	(147,411)	33,592
(Increase) decrease in prepaid items	29,914	(1,361)	1,253	29,806	(256)
(Increase) decrease in deferred outflows of resources	107,850	142,624	8,960	259,434	42,449
Increase (decrease) in customer deposits	5,162	43,618	-	48,780	-
Increase (decrease) in operating payables	(33,315)	(61,482)	(5,164)	(99,961)	(37,431)
Increase (decrease) in salaries and wages payable	6,617	(1,806)	(25)	4,786	584
Increase (decrease) in compensated absences	15,027	(32,202)	(3,337)	(20,512)	(8,318)
Increase (decrease) in net pension liability	284,326	370,231	100,697	755,254	45,763
Increase (decrease) in net OPEB liabilities	24,373	27,419	8,205	59,997	2,905
Increase (decrease) in deferred inflows of resources	(415,937)	(645,080)	(170,366)	(1,231,383)	(70,942)
Total adjustments	\$ 734,894	\$ 494,433	\$ (3,755)	\$ 1,225,572	\$ 17,685
Net cash provided by (used for) by operating activities	\$ (138,014)	\$ 1,271,079	\$ 174,021	\$ 1,307,086	\$ 17,683

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, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 62,165
Total assets	<u>\$ 62,165</u>
LIABILITIES	
Accounts payable	\$ 69
Total liabilities	<u>\$ 69</u>
FUND BALANCE	
Restricted	
Held for social services clients	\$ 2,139
Held for employees	9,674
Held for Highlander Festival	50,283
Total fund balances	<u><u>\$ 62,096</u></u>

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

City of Radford, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds
ADDITIONS	
Gifts and donations	\$ 12,007
Payments from employees	44,502
Contribution from the City of Radford	9,000
Festival space revenue	5,125
Total additions	<u>\$ 70,634</u>
DEDUCTIONS	
Special welfare payments	\$ 11,420
Payments for employees	43,975
Festival expenses	18,868
Total deductions	<u>\$ 74,263</u>
Net increase (decrease) in fiduciary net position	\$ (3,629)
Total net position, beginning of year	<u>65,725</u>
Total net position, end of year	<u>\$ 62,096</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, 2023

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 \$1,743,808 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 \$168,986 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 \$758,996 to the New River Regional Jail Authority for incarceration services.

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

B. Government-wide and fund financial statements

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

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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.

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. Custodial funds include the Social Services, Highlander Festival, 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.

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

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. At year end, investments totaling \$512,248 are reported as cash and cash equivalents in the accompanying financial statements.

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 \$1,438,459 at June 30, 2023. The allowance consists of delinquent taxes in the amount of \$145,935, delinquent ambulance bills of \$345,053, delinquent utility tax bills of \$9,635, delinquent parking tickets of \$77,142, delinquent water and sewer bills of \$161,840, delinquent solid waste fees of \$53,240, delinquent electric bills of \$641,762, and other miscellaneous amounts of \$3,852.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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.

7. Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized 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
Lease land	5-9
Lease buildings	5-11
Lease machinery and equipment	3-5

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets 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 multiple 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 pension, OPEB, leases, and opioid settlement 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.

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

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

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.

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.

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

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

13. Net Position (Continued)

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization 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.

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

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The City's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);

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)

- 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 resolution 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 generally 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.

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 an resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, 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).

17. Leases

The City leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

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

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

17. Leases (Continued)

Lessee

The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

The City recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The City monitors changes in circumstances that would require a remeasurement or modification of its leases. The City will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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:

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.

B. Public hearings are conducted to obtain citizen comments.

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

1. The Appropriations Resolution places legal restrictions on expenditures at the fund level. Only City Council can revise appropriations for each fund.
2. Formal budgetary integration is employed as a management control device during the year for the General Fund.
3. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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

E. Excess of expenditures over appropriations - For the year ended June 30, 2023, General Fund expenditures exceeded appropriations.

F. Deficit cash balances - At June 30, 2023, the Grants Fund and the Transit Fund reported negative cash balances. These amounts are reported in the accompanying financial statements as reconciled overdrafts.

G. Deficit fund balance - At June 30, 2023, the Grants Fund carried a negative fund balance. The General fund and Grants fund reported negative unassigned fund balance 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3-Deposits and Investments: (Continued)

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank , “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & 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.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>1 Year</u>
Local Government Investment Pool	\$ 512,248	\$ 512,248
Totals	\$ 512,248	\$ 512,248

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, 2023 were rated by Standard & Poor’s rating scale and the ratings are presented below.

<u>City's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 512,248

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment) 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 amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 4-Due from Other Governmental Units:

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

	<u>Primary Government</u>
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 332,763
Local communication tax	82,205
Categorical aid-other	562,211
Non-categorical aid	37,658
Categorical aid-Virginia Public Assistance	51,748
Categorical aid-Comprehensive Services Act	268,543
<u>Federal Government:</u>	
Categorical aid-Virginia Public Assistance	95,090
Categorical aid-other	708,261
	<u> </u>
Total	<u>\$ 2,138,479</u>

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2023, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 4,279,563	\$ -
Transit Fund	246,829	-
Grants Fund	22,544	-
Water and Sewer Fund	-	309,248
Electric Fund	-	3,991,014
Solid Waste Fund	-	235,582
Internal Service Fund	-	13,092
Total	<u>\$ 4,548,936</u>	<u>\$ 4,548,936</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 5-Interfund Transfers and Balances: (Continued)

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

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, 2023, there were no interfund balances.

Note 6-Component-Unit Contributions and Obligations:

Component unit contributions for the year ended June 30, 2023, consisted of the following:

Component Unit:	
School Board	\$ 6,025,073

At year end, there was an amount due from the Component Unit-School Board of \$14,662 related to overpayment of funds. Capital transfers, included above, to the School Board totaled \$407,921 for the fiscal year.

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, 2023.

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct Borrowings and Placements:				
General Obligation Bonds	\$ 29,730,370	\$ -	\$ (1,278,134)	\$ 28,452,236
Unamortized Premium	1,618,163	-	(290,918)	1,327,245
Financed Purchases	390,382	-	(91,403)	298,979
Lease liabilities	670,681	217,160	(127,876)	759,965
Net OPEB Liabilities	3,133,527	2,435,866	(2,343,187)	3,226,206
Compensated Absences	970,739	825,549	(728,054)	1,068,234
Net Pension Liability	1,999,440	4,442,007	(2,085,171)	4,356,276
Total	<u>\$ 38,513,302</u>	<u>\$ 7,920,582</u>	<u>\$ (6,944,743)</u>	<u>\$ 39,489,141</u>

For governmental activities, compensated absences are generally liquidated in the General Fund.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 7-Long-Term Obligations: (Continued)

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

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

Year Ending June 30,	Direct Borrowings and Placements		Lease Liabilities	
	Principal	Interest	Principal	Interest
2024	\$ 1,432,350	\$ 955,474	\$ 123,933	\$ 11,232
2025	1,462,552	884,676	125,722	9,396
2026	1,535,346	802,149	102,824	7,576
2027	1,593,357	734,034	105,966	5,765
2028	1,593,278	660,690	69,579	4,188
2029-2033	7,379,332	2,326,804	231,941	6,944
2034-2038	5,985,000	1,248,038	-	-
2039-2043	5,370,000	619,884	-	-
2044-2046	2,400,000	92,820	-	-
Totals	\$ 28,751,215	\$ 8,324,569	\$ 759,965	\$ 45,101

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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	\$ 4,820,000	\$ 340,000
GO Bond - VPSA	3.6-5.35%	12/11/2008	2029	5,797,690	2,057,236	317,366
GO Bond - VRA	3.089-5.125%	5/13/2015	2041	5,875,000	555,000	175,000
GO Bond - VPSA	2.05-5.05%	11/10/2020	2046	14,510,000	13,935,000	370,000
GO Bond - Refunding	1.775-2.943%	8/4/2021	2043	7,240,000	7,085,000	135,000
Subtotal General Obligation Bonds					\$ 28,452,236	\$ 1,337,366
Add: Bond Premium	n/a	n/a	n/a	n/a	\$ 19,402	\$ 6,470
Bond Premium	n/a	n/a	n/a	n/a	48,803	11,546
Bond Premium	n/a	n/a	n/a	n/a	21,810	11,961
Bond Premium	n/a	n/a	n/a	n/a	1,069,347	194,646
Bond Premium	n/a	n/a	n/a	n/a	51,583	13,240
Bond Premium	n/a	n/a	n/a	n/a	116,300	23,484
Total Bond Premium					\$ 1,327,245	\$ 261,347
Financed Purchases:						
Financed Purchase	3.85%	2/12/2018	2027	560,290	\$ 267,014	\$ 63,019
Financed Purchase	4.05%	3/25/2019	2024	148,217	31,965	31,965
Total Financed Purchase					\$ 298,979	\$ 94,984
Total Direct Borrowings and Placements					\$ 30,078,460	\$ 1,693,697

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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
Lease Liabilities:						
Building	1.43%	7/1/2021	2032	\$ 502,920	\$ 422,542	\$ 42,217
Copier	0.45%	9/1/2021	2027	8,138	5,174	1,626
Copier ⁽¹⁾	0.45%	4/1/2020	2025	6,698	2,360	1,347
Building ⁽¹⁾	0.45%	7/1/2020	2025	118,683	47,776	22,834
Land	2.00%	11/1/2021	2030	126,000	99,960	12,566
Parking Lot	2.00%	9/1/2022	2028	217,160	182,153	42,343
Total Lease Liabilities					\$ 759,965	\$ 122,933
Other Obligations:						
Net OPEB Liabilities	n/a	n/a	n/a	n/a	\$ 3,226,206	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	1,068,234	801,176
Net Pension Liability	n/a	n/a	n/a	n/a	4,356,276	-
Total Long-term Obligations - Governmental Activities					\$ 39,489,141	\$ 2,617,806

⁽¹⁾ The lease issue date and amount of original issue are from the onset of the lease agreement. The amounts included in the GASB Statement No. 87 implementation are as of July 1, 2021, the date of implementation. Original information is included for informational purposes only.

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2023.

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct Borrowings and Placements:				
Revenue Bonds	\$ 585,299	\$ -	\$ (38,435)	\$ 546,864
General Obligation Bonds	1,124,879	-	(84,952)	1,039,927
Unamortized Premium	241,540	-	(41,256)	200,284
Financed Purchase	75,676	-	(37,108)	38,568
Due to Pulaski County PSA	301,435	-	(15,070)	286,365
Net OPEB Liabilities	339,925	197,299	(137,302)	399,922
Compensated Absences	269,644	181,721	(202,233)	249,132
Net Pension Liability	592,162	1,402,249	(646,995)	1,347,416
Total	<u>\$ 3,530,560</u>	<u>\$ 1,781,269</u>	<u>\$ (1,203,351)</u>	<u>\$ 4,108,478</u>

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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:

Year Ending June 30,	Water and Sewer Fund	
	Direct Borrowings and Placements	
	Principal	Interest
2024	\$ 48,388	\$ -
2025	43,412	-
2026	34,244	-
2027	30,052	-
2028	30,052	-
2029-2033	150,258	-
2034-2038	150,258	-
2039-2041	75,127	-
Totals	<u>\$ 561,791</u>	<u>\$ -</u>

Year Ending June 30,	Electric Fund	
	Direct Borrowings and Placements	
	Principal	Interest
2024	\$ 80,000	\$ 48,781
2025	85,000	44,553
2026	90,000	40,069
2027	95,000	35,328
2028	100,000	30,331
2029-2033	575,000	68,584
Totals	<u>\$ 1,025,000</u>	<u>\$ 267,646</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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,	Solid Waste Fund		Due to Pulaski County PSA	
	Direct Borrowings and Placements Principal	Interest	Principal	Interest
2024	\$ 38,568	\$ 1,517	\$ 39,608	\$ 23,224
2025	-	-	18,113	10,047
2026	-	-	18,051	9,289
2027	-	-	17,986	8,534
2028	-	-	17,917	7,783
2029-2033	-	-	88,404	27,796
2034-2038	-	-	85,905	9,797
2039	-	-	381	17
Totals	<u>\$ 38,568</u>	<u>\$ 1,517</u>	<u>\$ 286,365</u>	<u>\$ 96,487</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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	\$ 20,963	\$ 8,385
Revenue Bond-VRA	0.00%	1/1/2010	2041	901,546	525,901	30,052
Total Revenue Bonds					<u>\$ 546,864</u>	<u>\$ 38,437</u>
General Obligation Bonds:						
GO Bond-VRA	0.00%	7/30/2004	2024	\$ 337,660	\$ 14,927	\$ 9,951
Total Direct Borrowings and Placements					<u>\$ 561,791</u>	<u>\$ 48,388</u>
Other Obligations:						
Net OPEB Liabilities	n/a	n/a	n/a	n/a	\$ 140,754	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	86,657	64,993
Net Pension Liability	n/a	n/a	n/a	n/a	481,466	-
Total Other Obligations					<u>\$ 708,877</u>	<u>\$ 64,993</u>
Total Long-term Obligations-Water and Sewer Fund					<u>\$ 1,270,668</u>	<u>\$ 113,381</u>
Electric Fund						
Direct Borrowings and Placements:						
General Obligation Bonds:						
GO Bond	3.765-5.125%	8/4/2021	2033	1,190,000	\$ 1,025,000	\$ 80,000
Add: Bond Premium	n/a	n/a	n/a	n/a	200,284	37,999
Total Direct Borrowings and Placements					<u>\$ 1,225,284</u>	<u>\$ 117,999</u>
Other Obligations:						
Net OPEB Liabilities	n/a	n/a	n/a	n/a	\$ 202,560	\$ -
Compensated Absences	n/a	n/a	n/a	n/a	138,135	103,601
Net Pension Liability	n/a	n/a	n/a	n/a	679,446	-
Total Other Obligations					<u>\$ 1,020,141</u>	<u>\$ 103,601</u>
Total Long-term Obligations-Electric Fund					<u>\$ 2,245,425</u>	<u>\$ 221,600</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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
Solid Waste Fund						
Direct Borrowings and Placements:						
Financed Purchase	3.93%	1/10/2020	2024	185,817	\$ 38,568	\$ 38,568
Other Obligations:						
Due to Pulaski County PSA	n/a	n/a	n/a	n/a	\$ 286,365	\$ 39,608
Net OPEB Liabilities	n/a	n/a	n/a	n/a	56,608	-
Compensated Absences	n/a	n/a	n/a	n/a	24,340	18,255
Net Pension Liability	n/a	n/a	n/a	n/a	186,504	-
Total Other Obligations					\$ 553,817	\$ 57,863
Total Long-term Obligations-Solid Waste Fund					\$ 592,385	\$ 96,431
Total Long-term Obligations - Business-type Activities					\$ 4,108,478	\$ 431,412

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.

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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 with a membership date 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 with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before 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 with a membership date 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 credit 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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	188
Inactive members:	
Vested inactive members	47
Non-vested inactive members	56
Long term disability	1
Inactive members active elsewhere in VRS	116
Total inactive members	220
Active members	251
Total covered employees	659

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plan: (Continued)

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, 2022 was 12.76% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$1,695,645 and \$1,454,465 for the years ended June 30, 2023 and June 30, 2022, 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, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022.

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, 2021, 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, 2022.

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

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Note 8-Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2021, 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, 2022.

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

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:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

* The above allocation provides a one-year expected return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term return of rate of 6.75% which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2023, 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, 2021 actuarial valuations, whichever was greater. From July 1, 2022 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, 2021	\$ 65,257,762	\$ 62,666,160	\$ 2,591,602
Changes for the year:			
Service cost	\$ 1,350,186	\$ -	\$ 1,350,186
Interest	4,385,584	-	4,385,584
Differences between expected and actual experience	(673,618)	-	(673,618)
Contributions - employer	-	1,454,465	(1,454,465)
Contributions - employee	-	602,642	(602,642)
Net investment income	-	(69,551)	69,551
Benefit payments	(3,272,669)	(3,272,669)	-
Administrative expenses	-	(38,935)	38,935
Other changes	-	1,441	(1,441)
Net changes	\$ 1,789,483	\$ (1,322,607)	\$ 3,112,090
Balances at June 30, 2022	\$ 67,047,245	\$ 61,343,553	\$ 5,703,692

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 (Asset)	\$ 14,752,516	\$ 5,703,692	\$ (1,676,892)

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

For the year ended June 30, 2023, the City recognized pension expense of \$888,135. At June 30, 2023, 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	\$ 101,476	\$ 1,089,698
Change in assumptions	1,040,962	-
Change in proportionate shares	78,020	78,020
Net difference between projected and actual earnings on pension plan investments	-	1,771,311
Employer contributions subsequent to the measurement date	1,695,645	-
Total	\$ 2,916,103	\$ 2,939,029

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8-Pension Plan: (Continued)

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

\$1,695,645 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, 2024. 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>	
2024	\$ (468,313)
2025	(833,033)
2026	(1,268,671)
2027	851,446

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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 the previous note, 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, 2023

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

Plan Membership

At July 1, 2022 (valuation date), the following employees were covered by the benefit terms:

Total active employees	235
Total retirees	13
Total	248

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 \$88,927 the year ended June 30, 2023.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2022 and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.00%
Discount Rate	3.65%

The mortality rates were calculated using the SOA RPH-2014 total dataset headcount-weighted table adjusted to 2006 and then projected generationally using projection scale MP-2021.

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, 2023

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

		Primary Government Total OPEB Liability
Balances at June 30, 2022	\$	557,655
Changes for the year:		
Service cost		16,558
Interest		27,791
Benefit changes		206,775
Differences between expected and actual experience		35,412
Changes in assumptions and other inputs		8,059
Benefit payments		(88,927)
Net changes		205,668
Balances at June 30, 2023	\$	763,323

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 (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Rate		
1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
\$ 806,990	\$ 763,323	\$ 722,280

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 (5.50% decreasing to 4.00%) or one percentage point higher (7.50% decreasing to 6.00%) than the current healthcare cost trend rates:

Rates		
Healthcare Cost		
1% Decrease (5.50% decreasing to 4.00%)	Trend (6.50% decreasing to 5.00%)	1% Increase (7.50% decreasing to 6.00%)
\$ 711,888	\$ 763,323	\$ 822,632

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

For the year ended June 30, 2023, the City recognized OPEB expense in the amount of \$269,779. At June 30, 2023, 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	\$ 30,087	\$ 1,858
Change in assumptions	80,189	36,186
Total	\$ 110,276	\$ 38,044

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
(Continued)***

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:

<u>Year Ended June 30</u>	
2024	\$ 18,655
2025	18,655
2026	18,655
2027	8,543
2028	3,475
Thereafter	4,249

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.

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

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, seatbelt 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 \$8,894 as of June 30, 2023.

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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$74,294 and \$68,520 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

At June 30, 2023, the entity reported a liability of \$702,349 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.05830% as compared to 0.05770% at June 30, 2021.

For the year ended June 30, 2023 the participating employer recognized GLI OPEB expense of \$29,911. 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.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,617	\$ 28,177
Net difference between projected and actual earnings on GLI OPEB plan investments	-	43,887
Change in assumptions	26,197	68,412
Changes in proportion	45,377	4,490
Employer contributions subsequent to the measurement date	74,294	-
Total	<u>\$ 201,485</u>	<u>\$ 144,966</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)

\$74,294 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, 2024. 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:

<u>Year Ended June 30</u>	
2024	\$ (3,224)
2025	(193)
2026	(23,846)
2027	13,256
2028	(3,768)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. 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

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Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Actuarial Assumptions (Continued)*****Mortality Rates - Non-Largest Ten Locality Employers - General Employees****Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)***Actuarial Assumptions (Continued)*****Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees****Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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, 2022, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 employer contributions 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, 2022, 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, 2022 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	\$	1,022,001	\$ 702,349	\$ 444,028

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-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, 2023

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

Employees Covered by Benefit Terms

As of the June 30, 2021 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	67
Inactive members:	
Vested inactive members	3
Active members	202
Total covered employees	<u>272</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, 2023 was 0.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$36,010 and \$32,975 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

The City's net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2021, 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, 2022.

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

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions: (Continued)

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 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, 2021	\$ 496,537	\$ 257,068	\$ 239,469
Changes for the year:			
Service cost	\$ 8,486	\$ -	\$ 8,486
Interest	32,806	-	32,806
Differences between expected and actual experience	(25,272)	-	(25,272)
Assumption changes	60,834	-	60,834
Contributions - employer	-	32,975	(32,975)
Net investment income	-	332	(332)
Benefit payments	(38,024)	(38,024)	-
Administrative expenses	-	(442)	442
Other changes	-	9,224	(9,224)
Net changes	\$ 38,830	\$ 4,065	\$ 34,765
Balances at June 30, 2022	\$ 535,367	\$ 261,133	\$ 274,234

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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	\$	329,183	\$ 274,234	\$ 227,422

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, 2023, the City recognized HIC Program OPEB expense of \$15,420. At June 30, 2023, 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	\$ -	\$ 37,010
Net difference between projected and actual earnings on HIC OPEB plan investments	-	5,977
Change in assumptions	63,226	701
Employer contributions subsequent to the measurement date	36,010	-
Total	\$ 99,236	\$ 43,688

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)

\$36,010 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, 2024. 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:

<u>Year Ended June 30</u>	
2024	\$ 1,387
2025	2,535
2026	(7)
2027	8,312
2028	5,403
Thereafter	1,908

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-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 LODA OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as 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 LODA Program. 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. 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.

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, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 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 \$64,604 and \$68,642 for the years ended June 30, 2023 and June 30, 2022, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2023, the entity reported a liability of \$1,886,222 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was 0.4984% as compared to 0.4546% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$318,473. 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, 2023, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,913	352,531
Net difference between projected and actual earnings on LODA OPEB plan investments	-	8,066
Change in assumptions	526,015	465,230
Change in proportion	393,744	-
Employer contributions subsequent to the measurement date	64,604	-
Total	\$ 1,129,276	\$ 825,827

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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)

\$64,604 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, 2024. 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:

<u>Year Ended June 30</u>	
2024	\$ 64,804
2025	64,977
2026	65,160
2027	62,679
2028	52,302
Thereafter	(71,077)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022. The assumptions include several employer groups. 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	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

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

Actuarial Assumptions (Continued)

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

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, 2022, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	7,214
LODA Net OPEB Liability (Asset)	\$ <u>378,455</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

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.

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69% 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 3.69% 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, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. 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, 2022, 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.

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 3.69%, 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 (2.69%) or one percentage point higher (4.69%) than the current rate:

	Discount Rate		
	1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
City's proportionate share of the total LODA Net OPEB Liability	\$ 2,153,105	\$ 1,886,222	\$ 1,667,881

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 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 7.00% 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 (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
City's proportionate share of the LODA Net OPEB Liability	\$ 1,589,552	\$ 1,886,222	\$ 2,258,588

LODA OPEB Fiduciary Net Position

Detailed information about the Line of Duty Act Program Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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, 2023.

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan	\$ 201,485	\$ 144,966	\$ 702,349	\$ 29,911
City Health Insurance Credit Plan	99,236	43,688	274,234	15,420
Line of Duty Act Program	1,129,276	825,827	1,886,222	318,473
City Stand-Alone Plan	110,276	38,044	763,323	269,779
Totals	<u>\$ 1,540,273</u>	<u>\$ 1,052,525</u>	<u>\$ 3,626,128</u>	<u>\$ 633,583</u>

Note 14-Deferred/Unavailable Revenue:

Deferred/unavailable 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	\$ -	\$ 437,185
Tax assessments due after June 30	3,488,286	3,488,286
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	302,184	302,184
Subtotal	<u>\$ 3,790,470</u>	<u>\$ 4,227,655</u>
Ambulance billings	\$ -	\$ 120,125
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	228,345
Total deferred/unavailable revenue	<u>\$ 3,790,470</u>	<u>\$ 4,576,125</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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 \$57,019 is comprised of the following:

Unearned revenue:	
Unspent grant funds received during the current fiscal year	\$ 3,519
Booth rentals and donations for the City's July 4th celebration received in advance of year end	<u>36,149</u>
Total unearned revenue	<u>\$ 39,668</u>

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CITY OF RADFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 16-Capital Assets:**

Capital asset activity for the year ended June 30, 2023 was as follows:

Primary Government: (including internal service fund)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,930,969	\$ -	\$ -	\$ 2,930,969
Construction in progress	16,488,061	1,822,160	(16,925,585)	1,384,636
Total capital assets not being depreciated/amortized	<u>\$ 19,419,030</u>	<u>\$ 1,822,160</u>	<u>\$ (16,925,585)</u>	<u>\$ 4,315,605</u>
Capital assets, being depreciated/amortized:				
Leased land	\$ 174,393	\$ 217,160	\$ (48,393)	\$ 343,160
Buildings and improvements	39,095,091	16,239,369	-	55,334,460
Leased buildings and improvements	598,043	-	-	598,043
Infrastructure	57,423,713	609,013	-	58,032,726
Machinery and equipment	17,959,931	1,142,769	(477,808)	18,624,892
Leased machinery and equipment	28,595	-	(15,421)	13,174
Total capital assets being depreciated/amortized	<u>\$ 115,279,766</u>	<u>\$ 18,208,311</u>	<u>\$ (541,622)</u>	<u>\$ 132,946,455</u>
Accumulated depreciation/amortization:				
Leased land	\$ (50,607)	\$ (56,959)	\$ 48,393	\$ (59,173)
Buildings and improvements	(13,170,752)	(1,020,810)	-	(14,191,562)
Leased buildings and improvements	(69,462)	(69,336)	-	(138,798)
Infrastructure	(37,116,627)	(894,469)	-	(38,011,096)
Machinery and equipment	(12,442,455)	(1,234,716)	477,808	(13,199,363)
Leased machinery and equipment	(12,562)	(8,516)	15,421	(5,657)
Total accumulated depreciation/amortization	<u>\$ (62,862,465)</u>	<u>\$ (3,284,806)</u>	<u>\$ 541,622</u>	<u>\$ (65,605,649)</u>
Total capital assets being depreciated/amortized, net	<u>\$ 52,417,301</u>	<u>\$ 14,923,505</u>	<u>\$ -</u>	<u>\$ 67,340,806</u>
Governmental activities capital assets, net	<u>\$ 71,836,331</u>	<u>\$ 16,745,665</u>	<u>\$ (16,925,585)</u>	<u>\$ 71,656,411</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 16-Capital Assets: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 712,498	\$ -	\$ -	\$ 712,498
Construction in progress	-	133,853	-	133,853
Total capital assets not being depreciated	<u>\$ 712,498</u>	<u>\$ 133,853</u>	<u>\$ -</u>	<u>\$ 846,351</u>
Capital assets, being depreciated:				
Buildings and structures	\$ 622,840	\$ 50,272	\$ -	\$ 673,112
Plant and infrastructure	50,659,927	98,310	-	50,758,237
Machinery and equipment	6,262,500	324,512	-	6,587,012
Total capital assets being depreciated	<u>\$ 57,545,267</u>	<u>\$ 473,094</u>	<u>\$ -</u>	<u>\$ 58,018,361</u>
Accumulated depreciation:				
Buildings and structures	\$ (317,232)	\$ (21,193)	\$ -	\$ (338,425)
Plant and infrastructure	(40,034,825)	(1,179,419)	-	(41,214,244)
Machinery and equipment	(4,723,289)	(262,161)	-	(4,985,450)
Total accumulated depreciation	<u>\$ (45,075,346)</u>	<u>\$ (1,462,773)</u>	<u>\$ -</u>	<u>\$ (46,538,119)</u>
Total capital assets being depreciated, net	<u>\$ 12,469,921</u>	<u>\$ (989,679)</u>	<u>\$ -</u>	<u>\$ 11,480,242</u>
Business-type activities capital assets, net	<u>\$ 13,182,419</u>	<u>\$ (855,826)</u>	<u>\$ -</u>	<u>\$ 12,326,593</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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	\$ 220,981
Judicial administration	8,145
Public safety	588,397
Public works	1,040,225
Health and welfare	66,802
Education	436,399
Parks, recreation, and cultural	383,909
Community development	532,477
Internal service funds	7,471

Total depreciation/amortization expense-governmental activities	<u>\$ 3,284,806</u>
-----------------------------------------------------------------	---------------------

Business type activities:

Water and Sewer Fund	\$ 757,289
Electric Fund	642,096
Solid Waste Fund	63,388

Total depreciation expense-business type activities	<u>\$ 1,462,773</u>
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 17-Leases Receivable:

The following is a summary of leases receivable transactions of the City for the year ended June 30, 2023:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 627,400	\$ -	\$ (242,700)	\$ 384,700	\$ 12,373

Lease revenue recognized during the fiscal year was \$153,992.

Details of leases receivable:

Lease Description	Lease Origination Date*	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Infrastructure (Fiber)	8/1/2001	7/31/2026	Monthly	3.00%	\$ 88,536	\$ 26,918
Infrastructure (Fiber)	6/1/2004	5/31/2024	Monthly	2.00%	28,076	28,076
Infrastructure (Fiber)	12/11/2001	12/10/2026	Monthly	3.00%	117,073	30,952
Infrastructure (Fiber)	11/1/2021	10/31/2026	Monthly	2.00%	46,398	13,596
Infrastructure (Fiber)	10/1/1997	9/30/2027	Monthly	3.00%	61,620	13,801
Infrastructure (Fiber)	11/3/2010	11/2/2025	Monthly	2.00%	42,997	18,182
Total					\$ 384,700	\$ 131,525

There are no variable payments for any of the lease receivables above

**Date shown is the original lease commencement date. GASB Statement No. 87 was implemented as of July 1, 2021.*

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.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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:

<u>Fidelity & Deposit Company of Maryland-Surety:</u>	
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 had no major construction projects outstanding at the end of the fiscal year.

Note 22-Arbitrage Rebate Compliance:

As of June 30, 2023, and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

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CITY OF RADFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**Note 23-Nonspendable, Restricted, and Committed Balances:**

	General Fund	Capital Projects Fund	Transit Fund	Grants Fund	Highway Maintenance Fund	Totals
Governmental Activities:						
Restricted:						
Hazmat operations	\$ 73,224	\$ -	\$ -	\$ -	\$ -	\$ 73,224
Fire donations	88,828	-	-	-	-	88,828
Police department	201,566	-	-	-	-	201,566
Four for life program	597	-	-	-	-	597
Fire programs	770,457	-	-	-	-	770,457
Recreation donations	98,711	-	-	-	-	98,711
Library donations	12,635	-	-	-	-	12,635
Courthouse maintenance	24,466	-	-	-	-	24,466
Law library	25,245	-	-	-	-	25,245
Beautification donations	25	-	-	-	-	25
Courtroom security	41,756	-	-	-	-	41,756
Inmate booking	16,982	-	-	-	-	16,982
Opioid settlement	301,972	-	-	-	-	301,972
Transit operations	-	-	6,941	-	-	6,941
Highway maintenance	-	-	-	-	1,951,637	1,951,637
Total restricted balances	\$ 1,656,464	\$ -	\$ 6,941	\$ -	\$ 1,951,637	\$ 3,615,042
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 374,627	\$ -	\$ 552	\$ 16,020	\$ 14,522	\$ 405,721
Total nonspendable balances	\$ 374,627	\$ -	\$ 552	\$ 16,020	\$ 14,522	\$ 405,721
Total restricted balances (above)	\$ 1,656,464	\$ -	\$ 6,941	\$ -	\$ 1,951,637	\$ 3,615,042
Remove: Nonspendable balances	-	-	(552)	-	(14,522)	(15,074)
Remove: Portion of the opioid settlement	(228,345)	-	-	-	-	(228,345)
Total restricted fund balance	\$ 1,428,119	\$ -	\$ 6,389	\$ -	\$ 1,937,115	\$ 3,371,623
Committed funds:						
Library fines/copier fees/donations	\$ 140,974	\$ -	\$ -	\$ -	\$ -	\$ 140,974
Project lifesaver	2,273	-	-	-	-	2,273
Volunteer service awards	101,065	-	-	-	-	101,065
DMV revenues	165,956	-	-	-	-	165,956
Capital projects	-	93,285	-	-	-	93,285
Total committed balances	\$ 410,268	\$ 93,285	\$ -	\$ -	\$ -	\$ 503,553

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 24-Litigation:

At June 30, 2023, there were no matters of litigation involving the City for which would materially affect the City's financial position should any court decisions on pending matters not be favorable to the City.

Note 25-Subsequent Event:

On September 22, 2023, the City issued a tax anticipation note in the amount of \$4,000,000. The note bears interest at a fixed rate of 5.45 per annum. An interest only payment is due on March 15, 2024 and the note matures on June 15, 2024.

Note 25-Upcoming Pronouncements:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

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, 2023

	<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				
General property taxes	\$ 11,065,473	\$ 11,065,473	\$ 10,311,689	\$ (753,784)
Other local taxes	5,744,361	5,744,361	4,984,339	(760,022)
Permits, privilege fees, and regulatory licenses	135,192	135,192	87,237	(47,955)
Fines and forfeitures	182,359	183,555	159,582	(23,973)
Revenue from the use of money and property	184,072	184,072	236,246	52,174
Charges for services	1,158,073	1,158,073	742,019	(416,054)
Miscellaneous	2,063,587	2,087,461	1,710,960	(376,501)
Recovered costs	4,721	4,721	12,621	7,900
Intergovernmental	8,369,203	8,562,127	10,758,057	2,195,930
Total revenues	<u>\$ 28,907,041</u>	<u>\$ 29,125,035</u>	<u>\$ 29,002,750</u>	<u>\$ (122,285)</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,620,209	\$ 4,014,955	\$ 3,853,498	\$ 161,457
Judicial administration	1,569,174	1,574,666	1,569,346	5,320
Public safety	9,777,706	10,278,293	10,622,615	(344,322)
Public works	1,145,251	1,146,851	1,487,227	(340,376)
Health and welfare	3,667,850	3,854,724	4,153,758	(299,034)
Education*	6,117,347	6,117,347	6,082,892	34,455
Parks, recreation, and cultural	2,696,695	2,745,743	2,633,159	112,584
Community development	565,341	574,711	584,734	(10,023)
Capital projects	221,000	408,500	602,490	(193,990)
Debt service:				
Principal retirement	1,340,658	1,340,658	1,497,413	(156,755)
Interest and other fiscal charges	1,055,393	1,055,393	1,072,233	(16,840)
Total expenditures	<u>\$ 31,776,624</u>	<u>\$ 33,111,841</u>	<u>\$ 34,159,365</u>	<u>\$ (1,047,524)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,869,583)</u>	<u>\$ (3,986,806)</u>	<u>\$ (5,156,615)</u>	<u>\$ (1,169,809)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,100,000	\$ 3,247,850	\$ 4,279,563	\$ 1,031,713
Issuance of lease liabilities	-	-	217,160	217,160
Total other financing sources (uses)	<u>\$ 3,100,000</u>	<u>\$ 3,247,850</u>	<u>\$ 4,496,723</u>	<u>\$ 1,248,873</u>
Net change in fund balances	\$ 230,417	\$ (738,956)	\$ (659,892)	\$ 79,064
Fund balances - beginning	-	969,373	2,955,148	1,985,775
Fund balances - ending	<u>\$ 230,417</u>	<u>\$ 230,417</u>	<u>\$ 2,295,256</u>	<u>\$ 2,064,839</u>

Note: GAAP serves as the budgetary basis of accounting

*Includes capital contributions which are not subject to appropriation.

City of Radford, Virginia
Transit Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	<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				
Charges for services	\$ 20,000	\$ 20,000	\$ 28,666	\$ 8,666
Miscellaneous	382,652	382,652	264,306	(118,346)
Intergovernmental	2,690,038	2,690,038	2,300,299	(389,739)
Total revenues	\$ 3,092,690	\$ 3,092,690	\$ 2,593,271	\$ (499,419)
EXPENDITURES				
Current:				
Community development	\$ 3,380,793	\$ 3,518,289	\$ 2,856,713	\$ 661,576
Total expenditures	\$ 3,380,793	\$ 3,518,289	\$ 2,856,713	\$ 661,576
Excess (deficiency) of revenues over (under) expenditures	\$ (288,103)	\$ (425,599)	\$ (263,442)	\$ 162,157
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 288,103	\$ 288,103	\$ 246,829	\$ (41,274)
Sale of capital assets	-	-	13,600	13,600
Total other financing sources (uses)	\$ 288,103	\$ 288,103	\$ 260,429	\$ (27,674)
Net change in fund balances	\$ -	\$ (137,496)	\$ (3,013)	\$ 134,483
Fund balances - beginning	-	137,496	9,954	(127,542)
Fund balances - ending	\$ -	\$ -	\$ 6,941	\$ 6,941

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, 2023

	Grants Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 38,384	\$ 42,734	\$ 4,607	\$ (38,127)
Intergovernmental	1,418,360	1,584,261	1,602,097	17,836
Total revenues	\$ 1,456,744	\$ 1,626,995	\$ 1,606,704	\$ (20,291)
EXPENDITURES				
Current:				
General government administration	\$ 17,378	\$ 17,378	\$ -	\$ 17,378
Public safety	977,788	1,121,619	1,374,551	(252,932)
Public works	(801)	8,050	9,746	(1,696)
Health and welfare	141,868	151,868	33,764	118,104
Parks, recreation, and cultural	42,532	42,532	29,477	13,055
Community development	463,118	463,118	192,229	270,889
Debt service:				
Principal retirement	74,999	74,999	-	74,999
Interest and other fiscal charges	3,718	3,718	-	3,718
Total expenditures	\$ 1,720,600	\$ 1,883,282	\$ 1,639,767	\$ 243,515
Excess (deficiency) of revenues over (under) expenditures	\$ (263,856)	\$ (256,287)	\$ (33,063)	\$ 223,224
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 255,956	\$ 259,776	\$ 22,544	\$ (237,232)
Total other financing sources (uses)	\$ 255,956	\$ 259,776	\$ 22,544	\$ (237,232)
Net change in fund balances	\$ (7,900)	\$ 3,489	\$ (10,519)	\$ (14,008)
Fund balances - beginning	8,871	8,871	10,519	1,648
Fund balances - ending	\$ 971	\$ 12,360	\$ -	\$ (12,360)

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, 2023

	Highway Maintenance Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 2,859	\$ 2,859	\$ 381	\$ (2,478)
Charges for services	26,500	26,500	16,566	(9,934)
Recovered costs	-	-	476,821	476,821
Intergovernmental	2,377,206	2,377,206	2,733,062	355,856
Total revenues	<u>\$ 2,406,565</u>	<u>\$ 2,406,565</u>	<u>\$ 3,226,830</u>	<u>\$ 820,265</u>
EXPENDITURES				
Current:				
Public works	\$ 1,845,180	\$ 1,880,558	\$ 1,507,879	\$ 372,679
Capital projects	263,430	1,463,339	1,057,905	405,434
Total expenditures	<u>\$ 2,108,610</u>	<u>\$ 3,343,897</u>	<u>\$ 2,565,784</u>	<u>\$ 778,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 297,955</u>	<u>\$ (937,332)</u>	<u>\$ 661,046</u>	<u>\$ 1,598,378</u>
Fund balances - beginning	\$ -	\$ 1,235,287	\$ 1,290,591	\$ 55,304
Fund balances - ending	<u>\$ 297,955</u>	<u>\$ 297,955</u>	<u>\$ 1,951,637</u>	<u>\$ 1,653,682</u>

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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 1,350,186	\$ 1,333,539	\$ 1,259,085	\$ 1,149,164	\$ 1,111,924	\$ 1,140,820	\$ 1,112,449	\$ 1,082,227	\$ 1,057,024
Interest	4,385,584	4,066,720	3,826,770	3,709,097	3,551,884	3,491,733	3,369,524	3,259,677	3,126,776
Differences between expected and actual experience	(673,618)	(1,578,631)	1,228,990	(180,931)	310,563	(910,650)	(415,942)	(456,628)	-
Changes of assumptions	-	2,654,856	-	1,677,257	-	(262,692)	-	-	-
Benefit payments	(3,272,669)	(2,932,855)	(2,587,205)	(2,710,381)	(2,746,564)	(2,453,274)	(2,187,086)	(2,444,989)	(2,125,449)
Net change in total pension liability	\$ 1,789,483	\$ 3,543,629	\$ 3,727,640	\$ 3,644,206	\$ 2,227,807	\$ 1,005,937	\$ 1,878,945	\$ 1,440,287	\$ 2,058,351
Total pension liability - beginning	65,257,762	61,714,133	57,986,493	54,342,287	52,114,480	51,108,543	49,229,598	47,789,311	45,730,960
Total pension liability - ending (a)	\$ 67,047,245	\$ 65,257,762	\$ 61,714,133	\$ 57,986,493	\$ 54,342,287	\$ 52,114,480	\$ 51,108,543	\$ 49,229,598	\$ 47,789,311
Plan fiduciary net position									
Contributions - employer	\$ 1,454,465	\$ 1,376,084	\$ 1,151,134	\$ 1,071,431	\$ 1,085,616	\$ 1,071,626	\$ 1,290,099	\$ 1,273,773	\$ 1,241,514
Contributions - employee	602,642	571,114	558,382	509,906	495,989	491,663	489,552	501,462	470,159
Net investment income	(69,551)	13,620,869	952,066	3,165,741	3,372,254	5,045,500	718,623	1,841,013	5,535,488
Benefit payments	(3,272,669)	(2,932,855)	(2,587,205)	(2,710,381)	(2,746,564)	(2,453,274)	(2,187,086)	(2,444,989)	(2,125,449)
Administrative charges	(38,935)	(33,895)	(32,468)	(31,870)	(29,491)	(29,413)	(25,675)	(25,469)	(29,889)
Other	1,441	1,286	(1,129)	(1,997)	(2,980)	(4,480)	(305)	(386)	291
Net change in plan fiduciary net position	\$ (1,322,607)	\$ 12,602,603	\$ 40,780	\$ 2,002,830	\$ 2,174,824	\$ 4,121,622	\$ 285,208	\$ 1,145,404	\$ 5,092,114
Plan fiduciary net position - beginning	62,666,160	50,063,557	50,022,777	48,019,947	45,845,123	41,723,501	41,438,293	40,292,889	35,200,775
Plan fiduciary net position - ending (b)	\$ 61,343,553	\$ 62,666,160	\$ 50,063,557	\$ 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)	\$ 5,703,692	\$ 2,591,602	\$ 11,650,576	\$ 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	91.49%	96.03%	81.12%	86.27%	88.37%	87.97%	81.64%	84.17%	84.31%
Covered payroll									
Political subdivision's net pension liability as a percentage of covered payroll	\$ 12,568,328	\$ 11,883,197	\$ 11,386,036	\$ 10,508,773	\$ 10,152,490	\$ 9,977,378	\$ 9,926,444	\$ 9,743,411	\$ 9,405,837
	45.38%	21.81%	102.32%	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, 2014 through June 30, 2023

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)
2023	\$ 1,695,645	\$ 1,695,645	\$ -	\$ 13,693,108	12.38%
2022	1,454,465	1,454,465	-	12,568,328	11.57%
2021	1,376,084	1,376,084	-	11,883,197	11.58%
2020	1,151,134	1,151,134	-	11,386,036	10.11%
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%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

City of Radford, Virginia
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 16,558	\$ 21,283	\$ 20,566	\$ 15,182	\$ 10,686	\$ 8,045
Interest	27,791	13,661	14,773	21,523	31,252	34,981
Benefit changes	206,775	-	-	-	-	-
Differences between expected and actual experience	35,412	-	(1,512)	-	(2,691)	34,835
Changes in assumptions and other inputs	8,059	(52,748)	52,025	43,072	61,506	40,431
Benefit payments	(88,927)	(71,100)	(77,051)	(82,853)	(69,889)	-
Net change in total OPEB liability	\$ 205,668	\$ (88,904)	\$ 8,801	\$ (3,076)	\$ 30,864	\$ 118,292
Total OPEB liability - beginning	557,655	646,559	637,758	640,834	609,970	491,678
Total OPEB liability - ending	\$ 763,323	\$ 557,655	\$ 646,559	\$ 637,758	\$ 640,834	\$ 609,970
Covered-employee payroll	\$ N/A	\$ N/A	\$ N/A	\$ 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	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, 2023

Valuation Date: 7/1/2022
Measurement Date: 6/30/2023

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	3.65%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.50% in 2023, grading down 0.50% per annum to an ultimate rate of 5.00% in years 2026 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 SOA RPH-2014 total dataset headcount-weighted table adjusted to 2006 and then projected generationally using projection scale MP-2021.

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, 2022

Date	Employer's	Employer's	Employer's	Employer's	Plan Fiduciary
	Proportion of the	Proportionate		Proportionate Share	
	Net GLI OPEB	Share of the	Covered	of the Net GLI OPEB	Net Position as a
	Liability (Asset)	Net GLI OPEB	Payroll	Liability (Asset)	Percentage of Total
		Liability (Asset)		as a Percentage of	GLI OPEB Liability
(1)	(2)	(3)	(4)	(3)/(4)	(6)
2022	0.05830% \$	702,349	\$ 12,688,942	5.54%	67.21%
2021	0.05770%	671,668	11,908,911	5.64%	67.45%
2020	0.05534%	923,534	11,410,893	8.09%	52.64%
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, 2014 through June 30, 2023

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)
2023	\$ 74,294	\$ 74,294	\$ -	\$ 13,758,100	0.54%
2022	68,520	68,520	-	12,688,942	0.54%
2021	64,319	64,319	-	11,908,911	0.54%
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%

City of Radford, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 8,486	\$ 8,460	\$ 8,356	\$ 8,047	\$ 7,000	\$ 8,000
Interest	32,806	32,279	32,487	32,809	33,000	33,000
Differences between expected and actual experience	(25,272)	(14,821)	(5,801)	(2,990)	(7,000)	-
Changes of assumptions	60,834	11,471	-	11,232	-	(9,000)
Benefit payments	(38,024)	(38,116)	(38,122)	(34,904)	(39,000)	(29,000)
Other changes	-	-	-	150	(1,000)	-
Net change in total HIC OPEB liability	\$ 38,830	\$ (727)	\$ (3,080)	\$ 14,344	\$ (7,000)	\$ 3,000
Total HIC OPEB Liability - beginning	496,537	497,264	500,344	486,000	493,000	490,000
Total HIC OPEB Liability - ending (a)	\$ 535,367	\$ 496,537	\$ 497,264	\$ 500,344	\$ 486,000	\$ 493,000
Plan fiduciary net position						
Contributions - employer	\$ 32,975	\$ 31,608	\$ 29,925	\$ 27,628	\$ 24,000	\$ 24,000
Net investment income	332	53,874	4,218	13,074	15,000	22,000
Benefit payments	(38,024)	(38,116)	(38,122)	(34,904)	(39,000)	(29,000)
Administrative charges	(442)	(627)	(397)	(285)	-	-
Other	9,224	-	(2)	194	(3,000)	1,000
Net change in plan fiduciary net position	\$ -4,065	\$ 46,739	\$ (4,378)	\$ 5,707	\$ (3,000)	\$ 18,000
Plan fiduciary net position - beginning	257,068	210,329	214,707	209,000	212,000	194,000
Plan fiduciary net position - ending (b)	\$ 261,133	\$ 257,068	\$ 210,329	\$ 214,707	\$ 209,000	\$ 212,000
City's net HIC OPEB liability - ending (a) - (b)	\$ 274,234	\$ 239,469	\$ 286,935	\$ 285,637	\$ 277,000	\$ 281,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	48.78%	51.77%	42.30%	42.91%	43.00%	43.00%
Covered payroll	\$ 9,991,370	\$ 9,574,767	\$ 9,087,773	\$ 8,371,558	\$ 10,152,490	\$ 9,977,378
City's net HIC OPEB liability as a percentage of covered payroll	2.74%	2.50%	3.16%	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, 2014 through June 30, 2023

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)
2023	\$ 36,010	\$ 36,010	\$ -	\$ 10,912,176	0.33%
2022	32,975	32,975	-	9,991,370	0.33%
2021	31,608	31,608	-	9,574,767	0.33%
2020	29,925	29,925	-	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%

City of Radford, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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, 2022

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)
2022	0.4984%	\$ 1,886,222	\$ 4,400,430	42.86%	1.87%
2021	0.4546%	2,004,660	4,141,216	48.41%	1.68%
2020	0.4532%	1,865,069	4,088,305	45.62%	1.02%
2019	0.4273%	1,532,950	3,848,220	39.84%	0.79%
2018	0.3383%	1,061,000	3,335,618	31.81%	1.30%
2017	0.3341%	877,000	2,935,412	29.88%	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, 2023

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)
2023	\$ 64,604	\$ 64,604	\$ -	\$ 4,984,261	1.30%
2022	68,642	68,642	-	4,400,430	1.56%
2021	62,585	62,585	-	4,141,216	1.51%
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, 2023

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, 2021 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 187,126	\$ 187,126	\$ 196,066	\$ 8,940
Total revenues	\$ 187,126	\$ 187,126	\$ 196,066	\$ 8,940
EXPENDITURES				
Capital projects	\$ 120,239	\$ 120,239	\$ 102,781	\$ 17,458
Total expenditures	\$ 120,239	\$ 120,239	\$ 102,781	\$ 17,458
Excess (deficiency) of revenues over (under) expenditures	\$ 66,887	\$ 66,887	\$ 93,285	\$ 26,398
Fund balances - beginning	\$ -	\$ -	\$ -	\$ -
Fund balances - ending	\$ 66,887	\$ 66,887	\$ 93,285	\$ 26,398

FIDUCIARY FUNDS - CUSTODIAL FUNDS

Custodial Funds - The City acts as an agent for the Social Service Fund of the City of Radford Social Services Department. The City also acts as the fiscal agent for the Highlander Festival organizers and Cafeteria Plan Fund.

City of Radford, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds			
	<u>Social Services</u>	<u>Cafeteria Plan</u>	<u>Highlander Festival</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,139	\$ 9,674	\$ 50,352	\$ 62,165
Total assets	\$ 2,139	\$ 9,674	\$ 50,352	\$ 62,165
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 69	\$ 69
Total liabilities	\$ -	\$ -	\$ 69	\$ 69
FUND BALANCE				
Restricted				
Held for social services clients	\$ 2,139	\$ -	\$ -	\$ 2,139
Held for employees	-	9,674	-	9,674
Held for Highlander Festival	-	-	50,283	50,283
Total fund balances	\$ 2,139	\$ 9,674	\$ 50,283	\$ 62,096

City of Radford, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds			
	<u>Social</u> <u>Services</u>	<u>Cafeteria</u> <u>Plan</u>	<u>Highlander</u> <u>Festival</u>	<u>Total</u>
ADDITIONS				
Gifts and donations	\$ 12,007	\$ -	\$ -	\$ 12,007
Payments from employees	-	44,502	-	44,502
Contribution from the City of Radford	-	-	9,000	9,000
Festival space revenue	-	-	5,125	5,125
Total additions	\$ 12,007	\$ 44,502	\$ 14,125	\$ 70,634
DEDUCTIONS				
Special welfare payments	\$ 11,420	\$ -	\$ -	\$ 11,420
Payments for employees	-	43,975	-	43,975
Festival expenses	-	-	18,868	18,868
Total deductions	\$ 11,420	\$ 43,975	\$ 18,868	\$ 74,263
Net increase (decrease) in fiduciary net position	\$ 587	\$ 527	\$ (4,743)	\$ (3,629)
Total net position, beginning of year	1,552	9,147	55,026	65,725
Total net position, end of year	\$ 2,139	\$ 9,674	\$ 50,283	\$ 62,096

Statistical Information

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 39,559,342	\$ 40,392,127	\$ 40,811,990	\$ 40,712,979	\$ 40,752,440	\$ 40,956,828	\$ 39,537,395	\$ 38,255,666	\$ 39,426,735	\$ 40,817,986
Restricted	968,879	1,030,306	1,245,006	1,175,718	2,173,853	2,541,279	2,177,568	2,480,752	2,451,025	3,615,042
Unrestricted	7,710,856	(484,342)	(1,298,848)	(4,586,851)	(3,566,963)	(3,108,516)	(4,470,720)	(8,068,719)	(5,834,997)	(6,553,780)
Total governmental activities net position	\$ 48,239,077	\$ 40,938,091	\$ 40,758,148	\$ 37,301,846	\$ 39,359,330	\$ 40,389,591	\$ 37,244,243	\$ 32,667,699	\$ 36,042,763	\$ 37,879,248
Business-type activities										
Net investment in capital assets	\$ 15,582,914	\$ 14,936,407	\$ 14,443,893	\$ 15,144,714	\$ 14,210,111	\$ 13,620,344	\$ 12,739,637	\$ 11,673,592	\$ 11,155,025	\$ 10,500,950
Unrestricted	11,817,746	8,519,945	8,519,237	4,896,260	4,711,108	5,133,838	3,971,137	5,450,972	4,447,276	714,240
Total business-type activities net position	\$ 27,400,660	\$ 23,456,352	\$ 22,963,130	\$ 20,040,974	\$ 18,921,219	\$ 18,754,182	\$ 16,710,774	\$ 17,124,564	\$ 15,602,301	\$ 11,215,190
Primary government										
Net investment in capital assets	\$ 55,142,256	\$ 55,328,534	\$ 55,255,883	\$ 55,857,693	\$ 54,962,551	\$ 54,577,172	\$ 52,277,032	\$ 49,929,258	\$ 50,581,760	\$ 51,318,936
Restricted	968,879	1,030,306	1,245,006	1,175,718	2,173,853	2,541,279	2,177,568	2,480,752	2,451,025	3,615,042
Unrestricted	19,528,602	8,035,603	7,220,389	309,409	1,144,145	2,025,322	(499,583)	(2,617,747)	(1,387,721)	(5,839,540)
Total primary government net position	\$ 75,639,737	\$ 64,394,443	\$ 63,721,278	\$ 57,342,820	\$ 58,280,549	\$ 59,143,773	\$ 53,955,017	\$ 49,792,263	\$ 51,645,064	\$ 49,094,438

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.

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during the 2022 fiscal year. Financial information prior to the fiscal year ending June 30, 2022 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government administration	\$ 2,583,106	\$ 2,616,659	\$ 2,763,220	\$ 2,692,328	\$ 2,647,063	\$ 2,727,991	\$ 3,222,986	\$ 3,531,619	\$ 3,052,636	\$ 3,311,496
Judicial administration	1,228,811	1,207,189	1,256,369	1,211,262	1,216,152	1,235,776	1,350,882	1,419,933	1,439,910	1,548,662
Public safety	6,991,450	7,421,559	7,896,020	8,584,172	8,626,249	8,178,720	9,258,911	10,385,472	10,605,186	11,996,230
Public works	4,052,721	3,880,301	4,264,317	3,628,478	3,082,320	3,625,343	4,468,961	3,902,753	3,749,606	3,632,103
Health and welfare	2,965,695	2,883,992	3,498,727	3,202,932	2,842,801	3,218,783	3,862,806	4,757,503	3,940,776	4,245,568
Education	5,049,358	5,278,443	5,345,190	7,403,883	5,466,272	5,735,374	5,682,556	5,434,861	4,950,835	6,490,813
Parks, recreation and cultural	2,284,314	2,284,564	2,411,929	2,330,422	2,334,775	2,311,832	2,409,129	2,341,084	2,744,958	2,784,412
Community development	2,312,280	2,402,473	2,329,254	2,309,036	2,185,231	2,553,508	2,758,561	3,307,830	3,091,037	3,988,388
Nondepartmental	3,192	-	-	-	-	-	-	-	-	-
Interest on long-term debt	969,417	1,020,398	823,968	780,505	758,156	720,747	773,400	1,164,773	968,410	768,853
Total governmental activities expenses	\$ 28,440,344	\$ 28,995,578	\$ 30,588,994	\$ 32,143,018	\$ 29,159,019	\$ 30,308,074	\$ 33,788,192	\$ 36,245,828	\$ 34,543,354	\$ 38,766,525
Business-type activities:										
Water, sewer, electric, and solid waste	\$ 26,512,718	\$ 24,345,015	\$ 22,941,584	\$ 21,725,362	\$ 22,112,927	\$ 22,684,594	\$ 23,641,182	\$ 24,731,926	\$ 24,587,625	\$ 26,576,048
Total primary government expenses	\$ 54,953,062	\$ 53,340,593	\$ 53,530,578	\$ 53,868,380	\$ 51,271,946	\$ 52,992,668	\$ 57,429,374	\$ 60,977,754	\$ 59,130,979	\$ 65,342,573
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 55,692	\$ 57,003	\$ 61,550	\$ 69,606	\$ 66,315	\$ 75,131	\$ 80,902	\$ 93,375	\$ 252,177	\$ 97,316
Judicial administration	305,379	309,664	313,159	393,880	290,316	266,680	208,733	160,012	229,090	201,955
Public safety	611,211	519,489	555,428	560,718	655,164	858,275	574,259	603,009	695,272	681,679
Public works	41,245	15,915	58,691	28,085	31,364	34,131	25,513	23,534	26,509	19,122
Parks, recreation and cultural	115,294	99,772	129,520	127,738	114,596	142,681	81,690	30,510	88,481	101,582
Operating grants and contributions	9,748,231	7,302,726	8,541,086	7,949,058	7,998,248	9,622,809	9,258,531	12,131,040	15,357,764	16,158,391
Capital grants and contributions	-	1,077,537	1,075,000	114,604	972,759	-	112,137	212,585	-	196,066
Total governmental activities program revenues	\$ 10,877,052	\$ 9,382,056	\$ 10,734,434	\$ 9,243,689	\$ 10,128,762	\$ 10,999,707	\$ 10,341,765	\$ 13,254,065	\$ 16,649,293	\$ 17,456,111
Business-type activities:										
Charges for services:										
Water, sewer, electric, and solid waste	\$ 30,513,949	\$ 26,205,461	\$ 26,110,291	\$ 25,442,208	\$ 26,273,112	\$ 26,505,268	\$ 25,604,149	\$ 26,717,051	\$ 26,502,250	\$ 26,294,640
Total business-type activities program revenues	\$ 30,513,949	\$ 26,205,461	\$ 26,110,291	\$ 25,442,208	\$ 26,273,112	\$ 26,505,268	\$ 25,604,149	\$ 26,717,051	\$ 26,502,250	\$ 26,294,640
Total primary government program revenues	\$ 41,391,001	\$ 35,587,517	\$ 36,844,725	\$ 34,685,897	\$ 36,401,874	\$ 37,504,975	\$ 35,945,914	\$ 39,971,116	\$ 43,151,543	\$ 43,750,751
Net (expense) / revenue										
Governmental activities	\$ (17,563,292)	\$ (19,613,522)	\$ (19,854,560)	\$ (22,899,329)	\$ (19,030,257)	\$ (19,308,367)	\$ (23,446,427)	\$ (22,991,763)	\$ (17,894,061)	\$ (21,310,414)
Business-type activities	4,001,231	1,860,446	3,168,707	3,716,846	4,160,185	3,820,674	1,962,967	1,985,125	1,914,625	(281,408)
Total primary government net (expense)/revenue	\$ (13,562,061)	\$ (17,753,076)	\$ (16,685,853)	\$ (19,182,483)	\$ (14,870,072)	\$ (15,487,693)	\$ (21,483,460)	\$ (21,006,638)	\$ (15,979,436)	\$ (21,591,822)

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 7,703,878	\$ 7,775,293	\$ 7,596,817	\$ 7,627,568	\$ 7,901,961	\$ 8,031,543	\$ 8,619,689	\$ 9,028,317	\$ 9,571,431	\$ 10,413,648
Local sales and use taxes	963,013	885,262	992,383	903,394	933,184	1,037,269	1,127,441	1,329,272	1,509,145	1,590,842
Restaurant food taxes	1,086,580	1,121,722	1,123,853	1,084,990	1,083,379	1,104,604	973,499	1,134,135	1,366,556	1,386,122
Motor vehicle taxes	193,711	197,566	199,940	194,901	201,778	202,397	196,764	202,035	200,104	15,026
Consumers' utility taxes	597,428	532,065	514,537	529,829	544,011	564,577	551,225	547,405	444,142	587,397
Business license taxes	465,200	484,247	486,544	448,825	465,341	442,934	457,875	461,847	598,325	643,549
Other local taxes	565,146	603,799	583,798	567,864	618,111	592,519	638,889	715,318	762,718	761,403
Unrestricted grants and contributions	1,478,789	1,496,527	1,448,580	1,433,206	1,439,290	1,362,267	1,351,266	1,261,125	1,239,196	1,235,124
Unrestricted revenues from use of money and property	167,998	159,012	159,060	182,003	197,990	227,707	201,109	174,384	31,397	35,237
Miscellaneous	3,040,335	2,537,866	2,918,986	2,605,400	2,374,540	2,488,792	2,150,556	1,987,801	1,934,959	1,929,107
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	13,600
Transfers	3,828,572	3,545,447	3,670,732	5,873,076	5,328,156	4,079,599	4,083,717	1,573,580	3,611,152	4,535,844
Total governmental activities	\$ 20,090,650	\$ 19,338,806	\$ 19,695,230	\$ 21,451,056	\$ 21,087,741	\$ 20,134,208	\$ 20,352,030	\$ 18,415,219	\$ 21,269,125	\$ 23,146,899
Business-type activities:										
Unrestricted revenues from use of money and property (net of bank fees)	\$ 3,230	\$ 3,094	\$ 8,803	\$ 32,137	\$ 48,216	\$ 91,888	\$ 65,272	\$ 2,245	\$ (9,621)	\$ 93,485
Miscellaneous	-	-	-	-	-	-	-	-	183,885	336,656
Gain (Loss) on disposal of capital assets	-	-	-	-	-	-	12,070	-	-	-
Transfers	(3,828,572)	(3,545,447)	(3,670,732)	(5,873,076)	(5,328,156)	(4,079,599)	(4,083,717)	(1,573,580)	(3,611,152)	(4,535,844)
Total business-type activities	\$ (3,825,342)	\$ (3,542,353)	\$ (3,661,929)	\$ (5,840,939)	\$ (5,279,940)	\$ (3,987,711)	\$ (4,006,375)	\$ (1,571,335)	\$ (3,436,888)	\$ (4,105,703)
Total primary government	\$ 16,265,308	\$ 15,796,453	\$ 16,033,301	\$ 15,610,117	\$ 15,807,801	\$ 16,146,497	\$ 16,345,655	\$ 16,843,884	\$ 17,832,237	\$ 19,041,196
Change in Net Position										
Governmental activities	\$ 2,527,358	\$ (274,716)	\$ (159,330)	\$ (1,448,273)	\$ 2,057,484	\$ 825,841	\$ (3,094,397)	\$ (4,576,544)	\$ 3,375,064	\$ 1,836,485
Business-type activities	175,889	(1,681,907)	(493,222)	(2,124,093)	(1,119,755)	(167,037)	(2,043,408)	413,790	(1,522,263)	(4,387,111)
Total primary government	\$ 2,703,247	\$ (1,956,623)	\$ (652,552)	\$ (3,572,366)	\$ 937,729	\$ 658,804	\$ (5,137,805)	\$ (4,162,754)	\$ 1,852,801	\$ (2,550,626)

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

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during the 2022 fiscal year. Financial information prior to the fiscal year ending June 30, 2022 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	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor		Restaurant Food Taxes	Business License Tax	Other Local Taxes	Total
				Vehicle License Tax	Tax				
2023	\$ 10,413,648	\$ 1,590,842	\$ 587,397	\$ 15,026	\$ 1,386,122	\$ 643,549	\$ 761,403	\$ 15,397,987	
2022	9,571,431	1,509,145	444,142	200,104	1,366,556	598,325	762,718	14,452,421	
2021	9,028,317	1,329,272	547,405	202,035	1,134,135	461,847	715,318	13,418,329	
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	

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

	Fiscal Year									
	2014	2014	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 151,146	\$ 162,232	\$ 231,701	\$ 964,685	\$ 194,463	\$ 57,548	\$ 50,977	\$ 216,285	\$ 1,280,282	\$ 374,627
Restricted/Reserved	806,318	818,876	1,039,845	788,098	887,576	975,051	1,011,212	8,290,966	1,139,961	1,428,119
Committed	2,880,670	3,201,226	3,449,211	1,440,369	1,073,680	1,597,723	1,838,370	415,787	427,721	410,268
Unassigned/Unreserved	3,180,070	2,326,702	942,659	1,343,002	2,992,813	2,504,752	1,043,651	88,460	107,184	82,242
Total general fund	\$ 7,018,204	\$ 6,509,036	\$ 5,663,416	\$ 4,536,154	\$ 5,148,532	\$ 5,135,074	\$ 3,944,210	\$ 9,011,498	\$ 2,955,148	\$ 2,295,256
All other governmental funds										
Nonspendable	\$ 11,859	\$ 36,404	\$ 18,753	\$ 20,308	\$ 16,361	\$ -	\$ -	\$ 27,028	\$ 32,167	\$ 31,094
Restricted/Reserved	162,561	211,430	205,161	387,620	1,286,277	1,566,228	1,166,536	1,234,827	1,278,897	1,943,504
Committed	1,547,085	574,067	306,879	-	-	-	-	-	-	93,285
Unreserved/Unassigned:										
Special revenue funds	-	(112,900)	(7,214)	-	-	(69,786)	-	-	-	(16,020)
Total all other governmental funds	\$ 1,721,505	\$ 709,001	\$ 523,579	\$ 407,928	\$ 1,302,638	\$ 1,496,442	\$ 1,166,536	\$ 1,261,855	\$ 1,311,064	\$ 2,051,863

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during the 2022 fiscal year. Financial information prior to the fiscal year ending June 30, 2022 has not been retroactively adjusted for this standard

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
General property taxes	\$ 7,601,010	\$ 7,748,164	\$ 7,745,589	\$ 7,775,064	\$ 7,774,833	\$ 8,104,338	\$ 8,461,229	\$ 9,093,682	\$ 9,614,552	\$ 10,311,689
Other local taxes	3,871,078	3,824,661	3,901,055	3,729,803	3,845,804	3,944,300	3,945,693	4,390,012	4,880,990	4,984,339
Permits, privilege fees and regulatory licenses	55,541	45,775	43,518	58,531	50,882	52,366	77,650	88,871	122,475	87,237
Fines and forfeitures	250,698	265,823	266,488	344,637	243,025	219,074	174,885	133,220	193,727	159,582
Revenue from use of money and property	167,998	159,012	139,060	182,003	197,990	227,707	201,109	174,384	184,515	236,627
Charges for services	803,660	699,787	809,200	769,576	896,277	1,055,465	757,049	713,635	764,122	787,251
Miscellaneous	3,040,335	2,537,866	2,918,986	2,605,400	2,374,540	2,488,792	2,150,556	1,980,384	1,618,089	1,979,873
Recovered costs	6,923	66,411	7,980	2,940	7,259	22,575	2,100	7,417	37,759	489,442
Intergovernmental	11,227,020	9,876,790	9,989,666	9,496,868	10,410,297	10,985,076	10,721,934	13,524,750	16,596,960	17,589,581
Total revenues	\$ 27,024,263	\$ 25,224,289	\$ 25,841,542	\$ 24,964,822	\$ 25,800,907	\$ 27,099,693	\$ 26,492,205	\$ 30,106,355	\$ 34,013,189	\$ 36,625,621
Expenditures										
General government administration	\$ 2,319,337	\$ 2,636,539	\$ 2,786,184	\$ 2,549,927	\$ 2,721,308	\$ 2,789,604	\$ 3,099,326	\$ 3,358,368	\$ 3,326,159	\$ 3,853,498
Judicial administration	1,240,070	1,222,250	1,273,445	1,225,014	1,231,971	1,274,648	1,371,156	1,382,662	1,497,953	1,569,346
Public safety	6,893,183	7,306,552	7,902,035	8,660,671	8,847,602	8,241,847	8,596,564	9,890,824	10,602,382	11,997,166
Public works	3,469,368	3,375,454	3,492,302	2,926,064	2,294,538	2,874,242	3,419,179	3,263,992	3,499,948	3,004,852
Health and welfare	2,988,128	2,921,634	3,555,823	3,238,938	2,818,444	3,310,566	3,843,666	4,676,906	4,493,637	4,187,522
Education	4,771,004	5,000,089	5,066,836	7,125,529	5,187,918	5,457,020	6,282,926	12,502,814	12,203,829	6,082,892
Parks, recreation and cultural	2,018,761	2,064,117	2,294,846	2,062,158	2,072,955	2,044,692	2,098,339	2,089,532	2,559,710	2,662,636
Community development	2,780,124	2,020,126	2,279,730	2,229,106	3,003,865	3,417,410	2,178,750	2,762,000	3,516,247	3,633,676
Non-departmental	3,192	-	-	-	-	-	-	-	-	-
Capital projects	3,279,737	1,768,169	56,877	307,996	-	-	247,878	86,241	120,237	1,763,176
Debt service:										
Principal retirement	1,114,224	1,065,692	996,579	1,009,592	1,170,256	965,093	855,042	885,728	1,382,689	1,497,413
Bond issuance cost	-	112,770	-	-	-	-	89,875	729,859	1,198,139	-
Interest and other fiscal charges	1,007,774	960,764	903,105	868,173	846,684	788,896	766,166	151,309	139,377	1,072,233
Total expenditures	\$ 31,854,902	\$ 30,454,156	\$ 30,607,762	\$ 32,204,168	\$ 30,195,541	\$ 31,164,018	\$ 32,848,867	\$ 41,780,235	\$ 44,540,307	\$ 41,324,410
Excess (deficiency) of revenues over (under) expenditures	\$ (4,830,639)	\$ (5,229,867)	\$ (4,766,220)	\$ (7,239,346)	\$ (4,394,634)	\$ (4,064,325)	\$ (6,356,662)	\$ (11,673,880)	\$ (10,527,118)	\$ (4,698,789)
Other financing sources (uses)										
Transfers in	\$ 4,652,904	\$ 4,162,219	\$ 4,419,252	\$ 6,369,557	\$ 5,494,827	\$ 4,265,908	\$ 4,401,108	\$ 4,386,531	\$ 5,336,015	\$ 4,548,936
Transfers out	(817,254)	(601,772)	(748,520)	(396,481)	(164,895)	(186,309)	(321,509)	(2,812,951)	(1,645,418)	-
Issuance of general obligation bonds	-	-	-	-	-	-	-	-	-	-
Issuance of bond anticipation note	-	-	-	-	-	-	-	-	-	-
Issuance of leases	-	-	-	-	-	-	807,064	-	-	-
Debt service - current refunding - principal	-	-	-	-	-	-	-	-	637,058	217,160
Refunded bonds issued	-	(6,266,952)	-	-	-	-	-	(1,467,970)	(7,307,976)	-
Premium on bonds issued	-	5,875,000	-	-	-	-	-	1,475,434	7,240,000	-
Capital leases	-	519,645	-	-	-	-	-	1,514,055	246,738	-
Sale of capital assets	-	-	-	-	-	560,290	-	-	-	-
Total other financing sources (uses)	\$ 3,835,650	\$ 3,708,254	\$ 3,755,732	\$ 5,994,724	\$ 5,901,722	\$ 4,244,671	\$ 4,886,663	\$ 16,836,667	\$ 4,519,977	\$ 4,779,696
Net change in fund balances	\$ (994,989)	\$ (1,521,613)	\$ (1,010,488)	\$ (1,244,622)	\$ 1,507,088	\$ 180,346	\$ (1,469,999)	\$ 5,162,787	\$ (6,007,141)	\$ 80,907
Debt service as a percentage of noncapital expenditures	7.43%	7.06%	6.22%	5.89%	7.15%	6.03%	5.20%	3.16%	4.44%	6.72%

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during the 2022 fiscal year. Financial information prior to the fiscal year ending June 30, 2022 has not been retroactively adjusted for this standard

Table 6

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

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumers' Utility Tax	Motor		Restaurant Food Taxes	Business License Tax	Other Local Taxes	Total	Percentage Change from Prior Year
				Vehicle License Tax	Motor Vehicle License Tax					
2023	\$ 10,311,689	\$ 1,590,842	\$ 587,397	\$ 15,026	\$	\$ 1,386,122	\$ 643,549	\$ 761,403	\$ 15,296,028	5.52%
2022	9,614,552	1,509,145	444,142	200,104		1,366,556	598,325	762,718	14,495,542	7.50%
2021	9,093,682	1,329,272	547,405	202,035		1,134,135	461,847	715,318	13,483,694	8.68%
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%

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		Assessed Value as a Percentage of Actual Value
							Actual Taxable Value	Value	
2023	\$ 896,913,800	\$ 103,487,056	\$ 388,904	\$ 40,604,831	\$ 26,957,505	\$ 1,068,352,096	\$ 1,068,352,096		100.00%
2022	880,661,600	71,671,743	392,554	38,345,628	25,249,147	1,016,320,672	1,016,320,672		100.00%
2021	883,254,150	65,361,084	392,554	32,092,089	27,222,511	1,008,322,388	1,008,322,388		100.00%
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%

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
2023	\$ 0.84	\$ 2.44	\$ 0.84	\$ 1.76
2022	0.84	2.44	0.84	1.76
2021 (4)	0.78-0.84	2.44	0.78	1.76
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

(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.

(4) In Fiscal Year 2021 the tax rate increased \$0.04 between billing 2nd half of 2020 and 1st half of 2021.

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
2023	\$ 10,327,442	\$ 9,977,799	96.61%	\$ -	\$ 9,977,799	96.61%
2022	9,551,954	9,405,440	98.47%	83,404	9,488,844	99.34%
2021	9,058,361	9,025,769	99.64%	156,122	9,181,891	101.36%
2020	9,157,469	8,909,630	97.29%	157,370	9,067,000	99.01%
2019	9,037,440	8,583,989	94.98%	141,931	8,725,920	96.55%
2018	8,359,097	8,173,887	97.78%	131,690	8,305,577	99.36%
2017	8,256,573	8,090,332	97.99%	161,793	8,252,125	99.95%
2016	8,257,887	8,105,351	98.15%	158,705	8,264,056	100.07%
2015	8,135,011	7,963,037	97.89%	149,871	8,112,908	99.73%
2014	8,122,764	7,890,379	97.14%	253,599	8,143,978	100.26%

Source: Commissioner of Revenue, City Treasurer's office

(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
2022-23	\$ 1,497,413	\$ 1,072,233	2,569,646	\$ 41,324,410	6.22%
2021-22	1,382,689	1,198,139	2,580,828	44,540,307	5.79%
2020-21	885,728	151,309	1,037,037	41,780,235	2.48%
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%

(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 Obligation Bonds*	Capital Leases/Financed Purchases		Lease Liabilities	Revenue Bonds	General Obligation Bonds*	Capital Leases/Financed Purchases		Due to Pulaski County PSA		Per Capita
2023	\$ 28,452,236	\$ 298,979	\$ 759,965	\$ 546,864	\$ 1,039,927	\$ 38,568	\$ 286,365	\$ 31,422,904	\$ 1,867		
2022	29,730,370	390,382	670,681	585,299	1,124,879	75,676	301,435	32,878,722	1,993		
2021	30,169,753	478,338	-	623,736	1,437,830	148,122	301,435	33,159,214	1,830		
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		

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

*Excludes any unamortized discounts or premiums

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during the 2022 fiscal year. Financial information prior to the fiscal year ending June 30, 2022 has not been retroactively restated for provisions of this standard.

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
2023	\$ 29,492,163	\$ -	\$ 29,492,163	2.76%	1,752
2022	30,855,249	-	30,855,249	3.04%	1,870
2021	31,607,583	-	31,607,583	3.13%	1,744
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

(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/financed purchases, lease liabilities, compensated absences, and any unamortized discounts or premiums.

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 78,517,429	\$ 79,026,404	\$ 80,183,024	\$ 81,101,394	\$ 81,403,959	\$ 81,824,837	\$ 85,466,360	\$ 88,325,415	\$ 88,066,160	\$ 89,691,380
Total net debt applicable to limit	25,182,348	23,158,731	21,158,731	20,097,083	20,151,377	18,944,840	18,813,685	31,607,583	30,855,249	29,492,163
Legal debt margin	\$ 53,335,081	\$ 55,867,673	\$ 59,024,293	\$ 61,004,311	\$ 61,252,582	\$ 62,879,997	\$ 66,652,675	\$ 56,717,832	\$ 57,210,911	\$ 60,199,217
Total net debt applicable to the limit as a percentage of debt limit	32.07%	29.31%	26.39%	24.78%	24.75%	23.15%	22.01%	35.79%	35.04%	32.88%

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

Fiscal Year	Water and Sewer Revenue Bonds					
	Water and Sewer Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service (1)		Coverage
				Principal	Interest	
2023	\$ 5,096,426	\$ 5,124,088	\$ (27,662)	\$ 48,387	\$ -	(0.57)
2022	5,185,787	4,908,301	277,486	48,388	-	5.73
2021	4,999,613	5,167,102	(167,489)	48,387	-	(3.46)
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

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, 2023, 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, 2023.

Report on 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 were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be material weakness.

Report on 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*.

The City of Radford, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Radford, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Radford, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, 2023



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

Opinion on Each Major Federal Program

We have audited the City of Radford, Virginia's compliance with the types of compliance requirements identified as subject to audit 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, 2023. The City of Radford, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City of Radford, Virginia's basic financial statements include the operations of the Radford City School Board, which expended \$3,827,798 in federal awards which is not included in the City of Radford, Virginia's schedule of expenditures of federal awards during the year ended June 30, 2023. Our audit, described below, did not include the operations of the Radford City School Board because the Radford City School Board issues a separate report.

In our opinion, the City of Radford, Virginia complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Radford, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Radford, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Radford, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Radford, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Radford, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Radford, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Radford, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of Radford, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023

City of Radford, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Pass Through Payments:			
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10123/40123 10122/40122	\$ 295,283
Total Department of Agriculture			\$ 295,283
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
Virginia Department of Social Services:			
Title IV-E Prevention Program	93.472	1140123/1140122	\$ 2,579
Guardianship Assistance	93.090	1110123	62
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	950122/950121	26,063
Temporary Assistance for Needy Families	93.558	400123/400122	147,103
Refugee and Entrant Assistance-State/Replacement Designee Administered Programs	93.566	500123/500122	716
Low-Income Home Energy Assistance	93.568	600423/600422	30,972
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900122/900121	217
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	760123/760122	33,403
Adoption and Legal Guardianship Incentive Payments	93.603	1130120	3,213
Foster Care - Title IV-E	93.658	1100123/1100122	141,199
Adoption Assistance	93.659	1120123/1120122	352,749
Social Services Block Grant	93.667	1000123/1000122	157,032
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150122/9150122	1,670
Children's Health Insurance Program	93.767	540123/540122	1,328
Medicaid Cluster:			
Medical Assistance Program	93.778	1200123/1200122	152,182
Elder Abuse Prevention Interventions Program	93.747	8000321	1,972
Virginia Department of Health:			
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	120027	7,393
Total Department of Health and Human Services			\$ 1,059,853
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Public Safety Partnership and Community Policing Grants (COPS Grant)	16.710	Not applicable	\$ 8,965
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	20V2GX0048/ 19V2GX0054 19MUBX0026/18DJBX0728/ 2020MUBX0035/ 15PBJA21GG00258MUMU/ 15PBJA22GG00616MUMU	90,491
Edward Byrne Memorial Justice Assistance Grant Program	16.738		23,260
Total Department of Justice			\$ 122,716

City of Radford, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF TREASURY:			
Direct Payments:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	\$ 4,114,196
Pass Through Payments:			
<i>Virginia Department of Criminal Justice Services</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	509095	253,618
<i>Virginia Tourism Corporation</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP1026	15,000
			<u>\$ 4,382,814</u>
Total Department of the Treasury			<u>\$ 4,382,814</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Payments:			
CDBG Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	Not applicable	\$ 158,459
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	Not applicable	27,090
			<u>\$ 185,549</u>
Total Department of Housing and Urban Development			<u>\$ 185,549</u>
DEPARTMENT OF TRANSPORTATION			
Pass Through Payments:			
<i>Virginia Department of Rail and Transportation:</i>			
Federal Transit Cluster:			
Federal Transit Formula Grants	20.507	T5307-VA-2023-004/ VA-2020-045/VA-2022-034	\$ 1,240,351
COVID 19 - Federal Transit Formula Grants	20.507	ARPA VA 2022-002	366,667
			<u>\$ 1,607,018</u>
<i>Virginia Department of Transportation:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	BM6OT-2023-53305-23305/ FM6OT-2022-52223-22223	750
Highway Planning and Construction	20.205	FSC-2022-5317-22317	5,346
			<u>5,346</u>
Total Department of Transportation			<u>\$ 1,613,114</u>
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Pass Through Payments:			
<i>The Library of Virginia</i>			
COVID-19 - Grants to States	45.310	118903	\$ 21,875
			<u>\$ 21,875</u>
Total Institute of Museum and Library Services			<u>\$ 21,875</u>
Total Expenditures of Federal Awards			<u>\$ 7,681,204</u>

City of Radford, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

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, 2023. 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, 2023.

Note D-Outstanding Balance of Federal Loans:

The City has not received any federal funding through loans.

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

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	\$ 10,758,057
Less revenue from the Commonwealth	(5,294,139)
Transit Fund-Intergovernmental	2,300,299
Less revenue from the Commonwealth	(693,281)
Grants Fund-Intergovernmental	1,602,097
Less revenue from the Commonwealth	(991,829)
Highway Maintenance Fund-Intergovernmental	2,733,062
Less revenue from the Commonwealth	(2,733,062)
Capital Projects Fund-Intergovernmental	196,066
Less revenue from the Commonwealth	(196,066)
Total primary government	<u>\$ 7,681,204</u>

City of Radford, Virginia
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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

Assistance Listing	Name of Federal Program or Cluster
20.507	Federal Transit Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

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, 2023

Section II - Financial Statement Findings

Finding 2023-001
(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:	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:	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.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs to report.

City of Radford, Virginia
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

Finding 2022-001
(Material Weakness)

Condition: The City's financial statements required year end adjusting entries to ensure such statements complied with Generally Accepted Accounting Principles.

Recommendation: In the future, funds should be reviewed and adjusted as necessary to comply with current reporting standards.

Current Status: Finding 2022-001 is recurring in the current fiscal year as finding 2023-001.