

City of Radford, Virginia



Financial Report

Fiscal Year Ended June 30, 2010

CITY OF RADFORD, VIRGINIA

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2010

Prepared By:
Department of Financial Services

CITY OF RADFORD, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

City of Radford, Virginia

The “New River” City



Department of Finance • 619 Second Street, 24141
Phone: (540) 731-3614 • Fax: (540) 731-3689

January 10, 2011

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

The Comprehensive Annual Financial Report (CAFR) for the City of Radford for the fiscal year ended June 30, 2010 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. This report was prepared by the Department of Finance.

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

The CAFR is presented in four sections: Introductory, Financial, Other Supplementary Information, and Compliance. The Introductory Section, which is not audited, includes this letter of transmittal, a list of the City's principal officials, and the organizational chart. The Financial Section includes management's discussion and analysis (MD&A), basic financial statements, and required supplementary information. The basic financial statements consist of government-wide and fund financial statements, and notes to the basic financial statements. The Other Supplementary Information section, which is not audited, includes supplementary financial statements, supporting schedules of revenues and expenditures, and other statistical information which includes selected financial and demographic information, generally presented on a multi-year basis. Most readers will find it helpful to proceed directly to the MD&A on page 8 as a quick start into the June 30, 2010 City of Radford Comprehensive Annual Financial Report.

The City of Radford is required to undergo an annual single audit in conformity with the provisions of the *Single Audit Act Amendments of 1996* and the US Office of Management and Budget's Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations). The Schedule of Expenditures of Federal Awards and the independent auditor's report on internal controls and compliance with applicable laws and regulations are included in the Compliance Section of the CAFR.

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

Economic Condition and Outlook

Chartered in 1892 the City of Radford is located in the New River Valley of Southwestern Virginia, just off interstate 81 at exits 105 and 109. Radford encompasses a land area of 9.63 square miles and has a population of 16,184.

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

The City is home to Radford University, a state supported institution of higher education with 1,500 employees and over 9,000 students. As the City's largest employer, Radford University has a major positive influence on our community. Although nontaxable, the University generates an estimated \$250 million dollars annually for the area's economy. Despite the current economic downturn, the University has continued to move forward with investments in new and remodeled facilities, as well as expanded program offerings. These investments and its overall presence make the University an important economic influence for the City.

The City is committed to providing a community conducive to a high quality of life for its citizens and a strong workforce for its businesses. The City's close proximity to I-81, as well as its central location between northern and southern markets, places it in an ideal geographic location. Through the years this has enabled the City to attract such manufacturers as Danaher, APW, Hytech and Volvo Logistics. The City's unemployment rate is currently 8.1% out of a workforce of 8,320.

Radford, like many small cities throughout the United States, has been under economic distress. National trends, such as poor consumer confidence, dwindling private investment, increased cost of services and weak overall revenues, have been apparent throughout the local community. As a result, midway through the fiscal year, revenue projections were re-evaluated and determined to be a concern. Plans were established resulting in significant spending reductions in most City departments to minimize the overall impact on the established budget.

City leaders continued to make wise capital investments in the community's infrastructure (water, sanitary sewer and electric utilities, as well as roads and sidewalks) to keep it strong and marketable, as economic trends and conditions would improve. These upgrades were possible by relying less on traditional funding and relying more on grants and low interest or no interest loans, as the revenue sources.

We are confident the City's vital signs will improve. In the last few months, we have seen marked reinvestment in housing construction and remodeling, business district revitalization and industrial inquiries. The Foundry facility, which closed its operation in the middle of the FY 2010 fiscal year, has been purchased by another company that is investing in an upgraded plant, developed a hiring target of 300 employees and scheduled to begin full scale manufacturing in the winter of FY2011. All of these activities will result in an improved revenue forecasts and a healthy Radford.

Accounting System and Budgetary Controls

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

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

The encumbrance method of estimating purchase amounts prior to the release of purchase orders to vendors or the execution of contracts maintains budgetary control at the department level. Purchase orders greater than \$2,500 are approved by the City Finance Department. Year-end outstanding encumbrances are reported as a

reservation of fund balance and re-appropriated in the succeeding year. As required by law, the City Manager submits to the City Council a recommended budget for the fiscal year beginning July 1. After an extensive budget study process and public hearing to receive citizen input, City Council makes its decision on the adopted budget and appropriated funds. The budget must be adopted and funds appropriate by July 1 of each year.

Pension Benefits

The City of Radford participates in the Virginia Retirement System (VRS), which covers all full time, salaried employees. Contributions to the VRS are determined on an actuarial basis. The contributions required during the 2009-2010 fiscal year totaled \$1,172,848. As of the plan's most recent actuarial valuation on June 30, 2009, the City's pension obligation was not fully funded. Please see Note 8 and Exhibit 12 for additional information on the City's retirement plan.

Capital Financing and Debt Service

At June 30, 2010, the City's legal debt limit is \$78,050,994. Net direct tax supported debt totaled \$22,791,781. Additional information about the City's legal debt limit can be obtained from Table 13. Long-term liabilities, excluding claims payable, compensated absences, and OPEB obligations for all funds of the primary government as of June 30, 2010 totaled \$23,692,516 of which \$6,747,102 for Enterprise Fund activity is considered self-supporting as revenues for services are anticipated to cover operating and debt service needs. See Note 7 for more information on the City's long-term borrowing.

Cash Management

The City follows the pooled cash concept, which allows for greater flexibility in managing cash flow amongst the different funds. Idle cash is invested in instruments as allowed by the Code of Virginia, Chapter 3, Title 26. Currently, idle cash is held in money market funds and in overnight repurchase arrangements 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 staff of the Department of Finance for their dedication in assuring the financial integrity of the City and the preparation of this report. Appreciation is also expressed to the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

David Ridpath
David Ridpath, City Manager

Patricia Cox
Patricia Cox, Director of Finance & Human Resources

CITY OF RADFORD, VIRGINIA

CITY COUNCIL

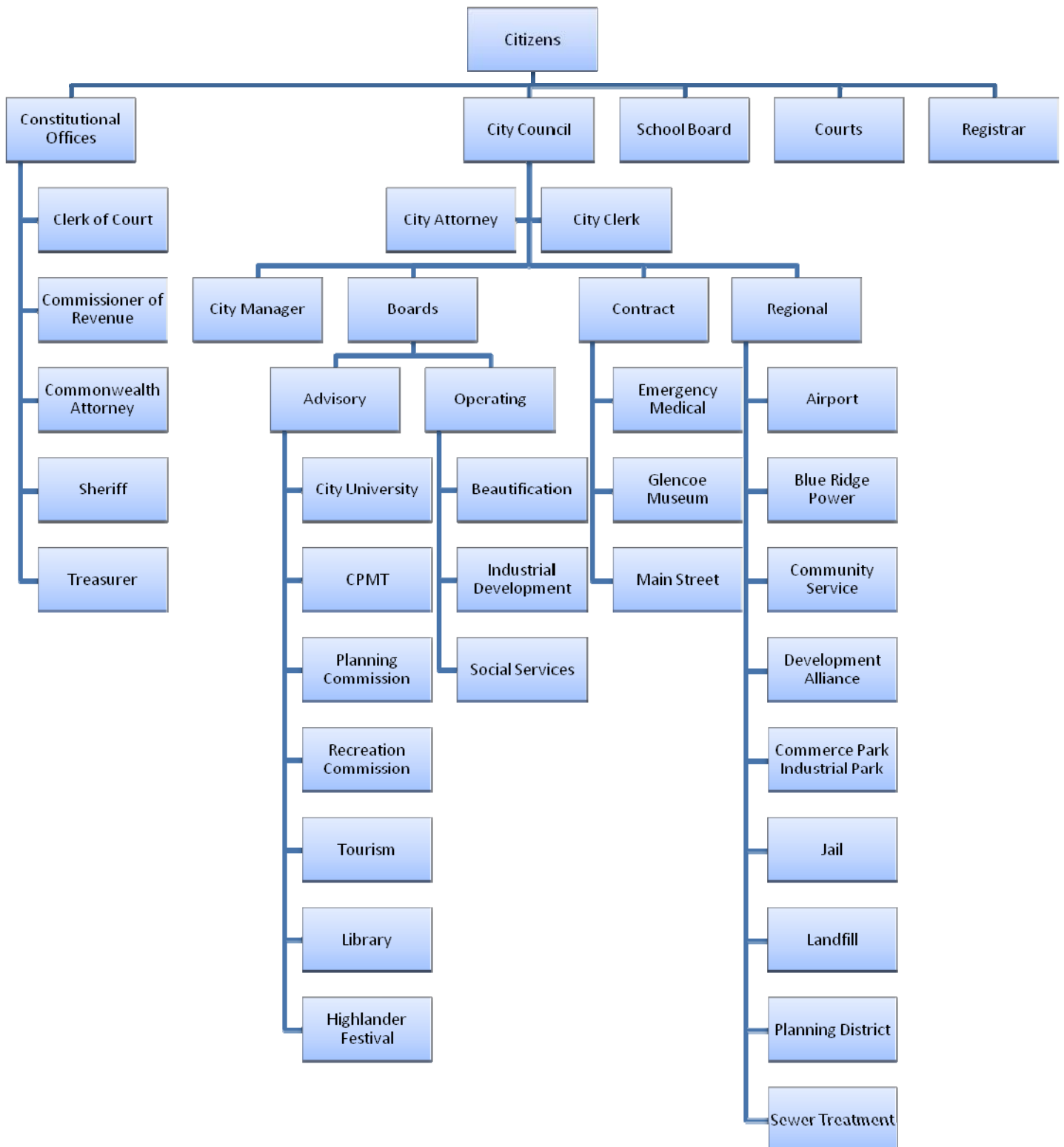
Dr. Richard Harshberger	Dr. Bruce Brown, Mayor	Tim Cox
Robert Nicholson		Keith Marshall

CITY SCHOOL BOARD

	Karen Gerlach, Chair	
George Lynn Burris, Vice-Chair		Alvin Alexander
Steve Cox		William Flora

OTHER OFFICIALS

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



FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

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, 2010, which collectively comprise the City of Radford, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Radford, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2010, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, the budgetary comparison information and the Schedule of Funding Progress Pension and Healthcare Plans as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Radford, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, budgetary comparison schedules, supporting schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Radford, Virginia. The combining and individual fund financial statements and schedules, the budgetary comparison schedules, the supporting schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements, taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Turner, Co. Associates

Christiansburg, Virginia
November 24, 2010

CITY OF RADFORD, VIRGINIA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2010

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, 2010. It should be read in conjunction with the transmittal letter and the City's basic financial statements.

FINANCIAL HIGHLIGHTS

The City's net assets excluding those of its component units, on the government-wide basis, totaled \$71,082,086 at June 30, 2010. Of this amount, \$13,564,665 may be used to meet ongoing obligations to citizens and creditors, and \$57,007,688 is invested in capital assets, net of related debt. Net assets of \$509,733 are restricted.

On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$20,414,221, which totaled \$6,035,932 more than the general revenues, net of transfers, of \$14,378,289.

At June 30, 2010, the City's governmental funds balance sheet reported total ending fund balance of \$6,854,673. Of this amount, \$3,542,494 remains in the various governmental funds of the City as unreserved and undesignated.

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 Assets 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 assets and changes that affected net assets during the fiscal year. The change in the City's net assets, the differences between assets and liabilities, is a way to measure the City's financial health, or financial position. Increases or decreases in net assets 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 Assets and Statement of Activities, the City's fund-based activity is classified as follows:

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements begin on page 22 and provide detailed information about the most significant funds. The City has three types of funds:

Governmental Funds - Most of the City's basic services are included in the governmental funds. Fund-based statements for these funds focus on how resources flow into and out of those funds and the balances left at year-end that are available for future spending. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities as reported in the government-wide and fund financial statements are reconciled in Exhibits 4 and 6 on pages 23 and 25.

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 government-wide statements, utilize the accrual basis of accounting, and the statements provide both short and long-term financial information.

The City's enterprise funds, one type of proprietary fund, are the same as the government-wide business type activities. However, the fund financial statements provide more detail and additional information, such as cash flows. The City's enterprise funds include the electric operation, the water and wastewater operation, and the solid waste operation.

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

Fiduciary Funds - Assets held for the benefit of other governments, agencies, or individuals, not part of the City, are reported in 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 Department of Social Services for the benefit of certain individuals are accounted for it the Special Welfare Fund.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 30 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Radford, assets exceeded liabilities by \$71,082,086 at the close of the most recent fiscal year.

By far the largest portion of the City of Radford's net assets (80%) 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 reports 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 Assets:

An additional portion of the City's net assets \$509,733 represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net assets, \$13,564,665, may be used to meet that government's ongoing obligations to citizens and creditors.

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

The City's combined net assets decreased from \$75,446,489 to \$71,082,086 as a result of a decrease in net assets of Governmental-type activities of \$3,678,542, and a decrease of Business-type activities of \$685,861. The decrease in net assets of Governmental-type activities was driven by a decrease in general revenues. The decrease in net assets of business-type activities is due to the budget over run for the true up costs associated with purchasing power from AEP.

The following table presents a condensed summary of net assets at June 30, 2010:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2010	2009	2010	2009	2010	2009	2010	2009
Current and other assets	9,500,102	12,683,328	10,589,463	10,850,545	20,089,565	23,533,873	2,607,846	3,486,622
Capital assets, net	58,418,212	57,760,504	22,281,992	22,985,008	80,700,204	80,745,512	8,820,096	6,224,190
Total assets	<u>67,918,314</u>	<u>70,443,832</u>	<u>32,871,455</u>	<u>33,835,553</u>	<u>100,789,769</u>	<u>104,279,385</u>	<u>11,427,942</u>	<u>9,710,812</u>
Other liabilities	2,228,829	1,348,559	3,019,562	2,142,280	5,248,391	3,490,839	167,598	907,276
Long-term liabilities	17,496,355	17,223,601	6,962,937	7,563,395	24,459,292	24,786,996	3,539,984	3,750,640
Total liabilities	<u>19,725,184</u>	<u>18,572,160</u>	<u>9,982,499</u>	<u>9,705,675</u>	<u>29,707,683</u>	<u>28,277,835</u>	<u>3,707,582</u>	<u>4,657,916</u>
Net Assets:								
Invested in capital assets,								
net of related debt	41,472,798	41,059,783	15,534,890	15,642,150	57,007,688	56,701,933	6,632,663	4,036,757
Restricted	509,733	4,156,030	-	-	509,733	4,156,030	22,568	2,207
Unrestricted	<u>6,210,599</u>	<u>6,655,859</u>	<u>7,354,066</u>	<u>8,487,728</u>	<u>13,564,665</u>	<u>15,143,587</u>	<u>1,065,129</u>	<u>1,013,932</u>
Total net assets	<u>48,193,130</u>	<u>51,871,672</u>	<u>22,888,956</u>	<u>24,129,878</u>	<u>71,082,086</u>	<u>76,001,550</u>	<u>7,720,360</u>	<u>5,052,896</u>

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Summary of Changes in Net Assets:

The following table shows the revenues and expenses of the government at June 30, 2010:

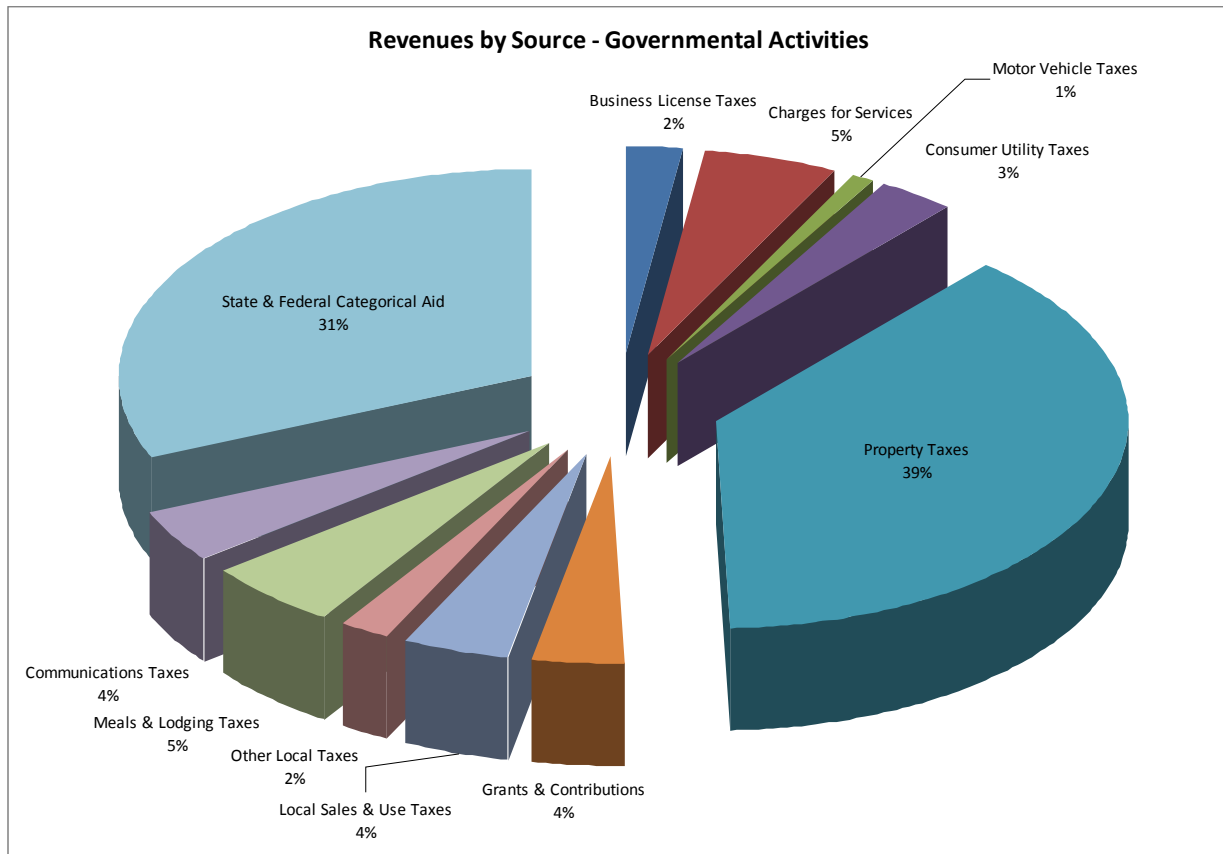
Summary of Changes in Net Assets For the Fiscal Year Ended June 30, 2010								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2010	2009	2010	2009	2010	2009	2010	2009
Revenues								
Program Revenues:								
Charges for Services	1,001,438	634,061	24,164,804	23,975,402	25,166,242	24,609,463	218,138	223,038
Operating grants and contributions	5,964,394	5,610,577	-	-	5,964,394	5,610,577	9,622,537	9,946,734
Capital grants and contributions	-	1,573,485	302,236	-	302,236	1,573,485	124,450	332,808
General Revenues:								
Property Taxes	7,234,689	7,062,754	-	-	7,234,689	7,062,754	-	-
Local sales and use taxes	831,986	868,943	-	-	831,986	868,943	-	-
Consumers' utility taxes	556,629	553,552	-	-	556,629	553,552	-	-
Communications taxes	781,215	777,974	-	-	781,215	777,974	-	-
Business license taxes	398,683	423,557	-	-	398,683	423,557	-	-
Motor Vehicle Taxes	185,808	178,489	-	-	185,808	178,489	-	-
Restaurant food taxes	891,213	884,160	-	-	891,213	884,160	-	-
Other local taxes	473,263	548,750	-	-	473,263	548,750	-	-
Interest and rent income	143,927	460,751	5,307	75,504	149,234	536,255	45,430	59,180
Other income	304,016	411,416	-	-	304,016	411,416	60,215	41,245
Payments from business-type activities	1,765,114	1,843,822	-	-	1,765,114	1,843,822	-	-
Grants /contributions not restricted to specific programs	683,863	685,764	-	-	683,863	685,764	-	-
Gain on disposal of of capital assets	127,883	7,660	-	-	127,883	7,660	-	2,277
Special items - impairment loss	-	-	-	(555,061)	-	(555,061)	-	-
Payments from other governments	-	-	-	-	-	-	8,031,959	5,102,753
Total Revenues	<u>21,344,121</u>	<u>22,525,715</u>	<u>24,472,347</u>	<u>23,495,845</u>	<u>45,816,468</u>	<u>46,021,560</u>	<u>18,102,729</u>	<u>15,708,035</u>
Expenses								
General Government	2,288,017	2,378,072	-	-	2,288,017	2,378,072	-	-
Judicial administration	1,155,145	1,183,737	-	-	1,155,145	1,183,737	-	-
Public Safety	6,387,807	5,930,185	-	-	6,387,807	5,930,185	-	-
Public Works	3,319,506	4,055,643	-	-	3,319,506	4,055,643	-	-
Health and Welfare	2,291,061	2,025,890	-	-	2,291,061	2,025,890	-	-
Education	8,334,559	5,226,904	-	-	8,334,559	5,226,904	15,143,535	15,881,620
Parks, recreation, and cultural	2,163,466	2,155,156	-	-	2,163,466	2,155,156	-	-
Community Development	669,451	691,360	-	-	669,451	691,360	104,086	135,741
Interest on long-term debt	771,041	274,934	-	-	771,041	274,934	187,644	228,753
Electric Operation	-	-	17,074,528	17,064,981	17,074,528	17,064,981	-	-
Water/Wastewater Operation	-	-	4,633,845	4,719,963	4,633,845	4,719,963	-	-
Solid Waste Operation	-	-	1,077,445	1,148,052	1,077,445	1,148,052	-	-
Communications Operation	-	-	15,000	172,215	15,000	172,215	-	-
Total Expenses	<u>27,380,053</u>	<u>23,921,881</u>	<u>22,800,818</u>	<u>23,105,211</u>	<u>50,180,871</u>	<u>47,027,092</u>	<u>15,435,265</u>	<u>16,246,114</u>
Transfers	2,357,390	2,939,335	(2,357,390)	(2,939,335)	-	-	-	-
Increase(Decrease) in Net Assets	(3,678,542)	1,543,169	(685,861)	(2,548,701)	(4,364,403)	(1,005,532)	2,667,464	(538,079)
Net Assets, Beginning	51,871,672	50,328,503	23,574,817	26,123,518	75,446,489	76,452,021	5,052,896	5,590,975
Net Assets, Ending	<u>48,193,130</u>	<u>51,871,672</u>	<u>22,888,956</u>	<u>23,574,817</u>	<u>71,082,086</u>	<u>75,446,489</u>	<u>7,720,360</u>	<u>5,052,896</u>

The property tax classification, which comprises approximately 34% of total revenue generated by governmental activities, includes real estate taxes, the local portion of personal property taxes, and public service corporation taxes. Property taxes are up from the prior year due to a three cent increase in the real estate and mobile home tax rate.

Charges for Services show a large increase from the previous year as the City is now collecting fees for rescue services instead of same going through Carilion Clinic Patient Transportation, LLC. The City of Radford and Carillion renegotiated a three year old contract which now provides that all revenues and expenditures flow through the City, improving accountability and reporting. Other local taxes are down due to collections for gas franchise license tax going back down to normal levels (FY 09 was the first normal cold weather year for this area for some time), recordation tax and tobacco taxes being down. Interest

continues to dwindle to almost nothing. Other income is showing a decline due to a reduction in parking fines and district court fines.

Revenue generated for governmental activities are presented below by category:

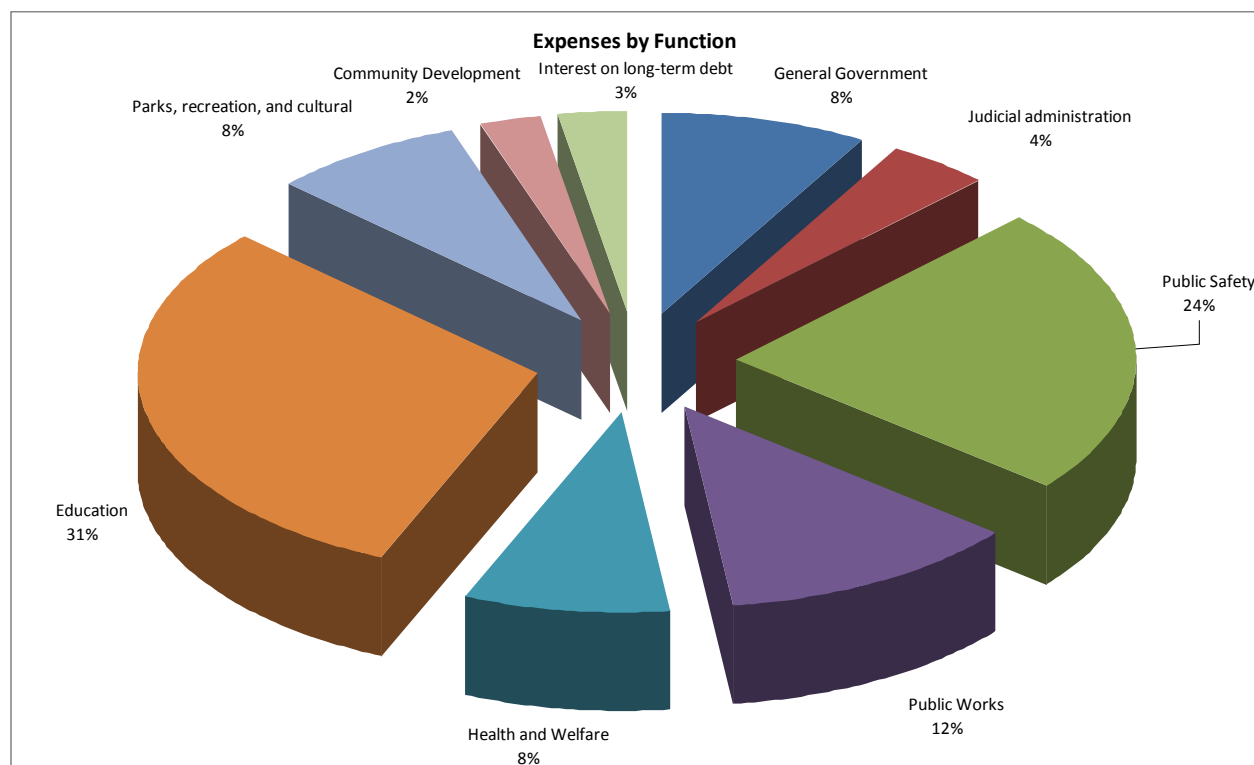


Expenses for governmental activities totaled \$27,380,053 for the year, which is up 14% from the previous year. No cost-of-living adjustments were made to salaries in FY 10. Health insurance premiums decreased by 3.5%. Expenses associated with the Community Services Act (CSA) account for the 13% increase in Health & Welfare. This is due to a 61% increase in the number of children in foster care. Many of these children do not qualify for federal IVE funding; therefore the entire cost of their foster care placement is paid out of CSA funds.

Education expenses comprise the largest portion of governmental expenses at 31%. This is up from the prior year due to debt service payments for the new elementary school. Funding for Public Safety is the next largest portion of governmental expenses at 24%. This is up 8% due to an increase in grant funded expenses.

Expenses for public works comprise the next largest portion, by function, of the City's governmental activities at 12%. Expense for street paving and maintenance as well as maintenance of general buildings and engineering are included in this category. These expenses are down 18% from the prior year due to a reduction in operating expenses.

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, 2010, the governmental funds reflect a total fund balance of \$6,854,673. Approximately, \$6,344,940 of this amount constitutes unreserved fund balance, which is available for spending on services and capital outlay. \$1,138,751 of fund balance is designated for encumbrances, which indicates that it has already been committed to liquidate contracts and purchase orders outstanding at June 30, 2010. The remainder of fund balance is restricted by outside sources or law.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund unreserved fund balance was \$3,274,192, while the total fund balance was \$5,483,189. As a measure of the General Fund's liquidity, it may be useful to compare

both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately 15% of the total General Fund expenditures and other financing uses, while total fund balance represents 26% of that same amount.

The fund balance of the General Fund decreased by \$381,127 during the current fiscal year. This is mostly due to not meeting budget in our Fines & Forfeitures category and the continued decline of interest earned on bank accounts.

Local taxes make up a large portion of General Fund revenues, totaling approximately \$10,478,714 in fiscal year 2010. Property taxes make up 68% of local taxes and were up about 2% from the prior year due to a three cent increase in the real estate and mobile home tax rate. Other local taxes decreased 21% due to gas franchise license fees returning to normal levels, and recordation and tobacco taxes showing declines from the previous year. In addition, the classification of telecommunication taxes changed from local taxes to state aid pursuant to a directive from the Commonwealth of Virginia.

The Street Maintenance Fund accounts for revenues and expenditures related to the maintenance of the City's streets and other properties. Each year the City receives funds under the Virginia Department of Transportation Urban Street Maintenance program which are specifically restricted to be spent on streets and maintenance activities qualifying under the program. The City received \$1,769,979 during the fiscal year, a decrease of <1% from last year. This fund is reported as a non-major fund along with the Grants Fund.

The Capital Projects Fund is used to account for long-term major construction projects of the general government. The entire fund balance is designated for future expenditures on capital projects. For fiscal year ended June 30, 2010, City Council designated \$8,342,322 towards new capital improvement projects. \$5,041,150 was spent for new and ongoing projects during the fiscal year.

The Grants Fund accounts for federal and state grants received and expended. The entire fund balance of this fund is reserved for expenditures related to grants received. During the year, the City applied for and received grants from state and federal agencies totaling \$778,345.

Proprietary Funds:

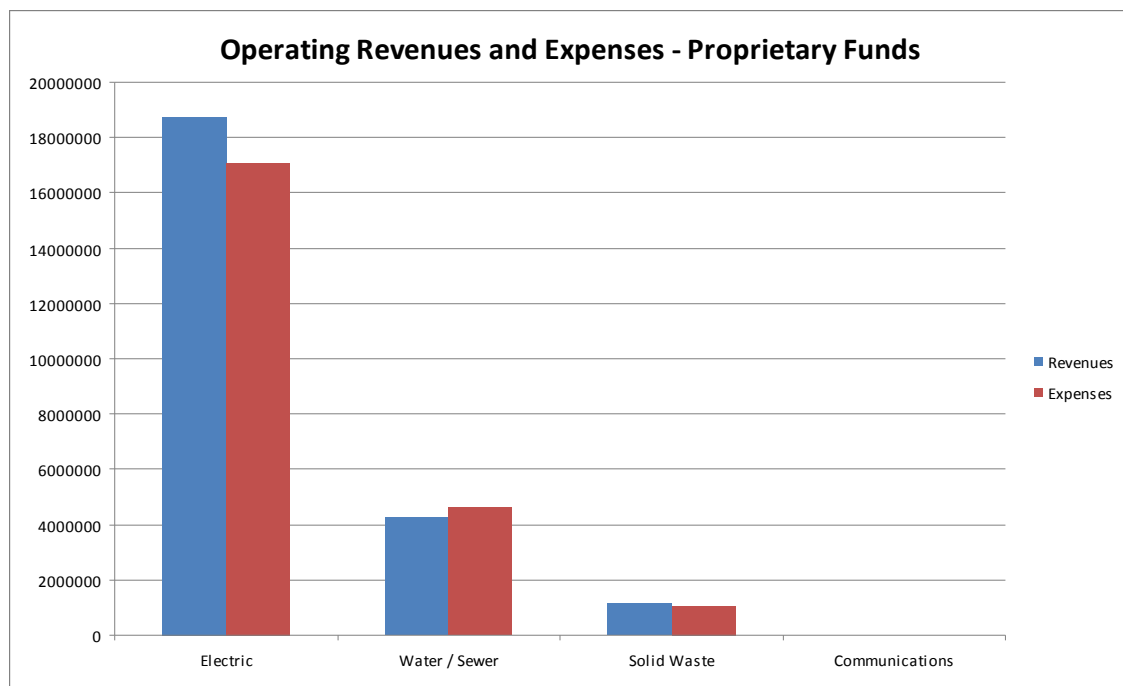
Exhibits 7, 8, and 9 provide the same type of information found in the government-wide financial statements on the City proprietary funds, but in more detail.

Unrestricted net assets for the Electric Fund amounted to \$5,899,390 at the end of the year, a decrease of \$39,165 from the prior year which is <1%. A transfer was not made to the capital projects fund to compensate for the additional cost associated with the AEP true up.

Unrestricted net assets for the Water/Wastewater Fund amounted to \$986,612 at the end of the year, which is a decrease of \$1,027,880. This decrease can be attributed to an increase in the amount invested in capital assets, net of related debt, for the Intermediate Water System Improvement Project.

Unrestricted net assets for the Solid Waste Fund amounted to \$468,064 at the end of the fiscal year, a decrease of \$56,956 from the prior year. This decrease was due to an increase in the amount invested in capital assets, net of related debt, for two new trash trucks that were purchased in FY 2010.

Unrestricted net assets for the Communications Fund amount to \$0 at the end of the fiscal year, a decrease of \$9,661 from the prior year. On June 1, 2009, Radnet, the City's wireless broadband network, was shut down due to a lack of subscribers. Despite increased advertising and a reduction in rates, the increase in subscribers to make the network profitable never materialized. After three years of wear and tear on the equipment and with the network needing further capital investment the decision was made to end the venture. This fund is now closed and the equipment has been sold.



GENERAL FUND BUDGETARY HIGHLIGHTS

There were 45 amendments to the original budget during the 2009-2010 fiscal year. Significant increases in appropriations for the general fund budget are highlighted below:

- \$42,553 restoration of Compensation Board funding and remainder of Aid to Locality reductions
- \$200,000 School Board debt service contribution
- \$33,594 repairs to compressor at Recreation Center
- \$35,000 Rural Development Grant for police vehicles
- \$142,610 State Library Aid
- \$140,892 Re-appropriate encumbrances carried over at 6/30/09

CAPITAL ASSETS

As of June 30, 2010, the City's capital assets for its governmental and business-type activities amounted to \$80,700,204 (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 increase (additions less retirements and depreciation) in the City's investment in capital assets for the current year was \$509,753.

Major capital assets events during the year included the following:

- \$3,351,518 CIP for the new Belle Heth school
- \$233,189 two Solid Waste trash trucks
- \$124,236 utility truck purchased in the Electric Fund
- \$58,864 dump truck purchased in the Water/Wastewater Fund
- \$1,661,987 CIP for the new Public Safety Building
- \$55,616 CIP for improvements to Second Avenue
- \$991,279 CIP for Intermediate Water System Improvement Project
- \$112,061 mapping system for Communications (911)
- \$213,917 West Main Street project
- \$58,557 Staples Street project
- \$95,402 Gibsondale Sanitary Sewer Line

Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Land	2,593,925	2,593,925	712,498	712,498	3,306,423	3,306,423
Construction in Progress	2,311,698	13,886,966	1,291,717	492,327	3,603,415	14,379,293
Building & Improvements	26,583,340	13,239,435	307,821	320,213	26,891,161	13,559,648
Machinery & Equipment	3,382,223	3,648,692	1,461,920	1,217,380	4,844,143	4,866,072
Plant & Infrastructure	23,547,026	24,391,486	18,508,036	19,687,529	42,055,062	44,079,015
Total	<u>58,418,212</u>	<u>57,760,504</u>	<u>22,281,992</u>	<u>22,429,947</u>	<u>80,700,204</u>	<u>80,190,451</u>

The changes in each category of Capital Assets are presented in detail in note 11 to the Basic Financial Statements.

LONG-TERM DEBT

At June 30, 2010, the City's long-term liabilities, not including compensated absences, claims payable, and OPEB obligations, totaled \$23,692,516 comprised of \$16,945,414 related to governmental activities, and \$6,747,102 related to business-type activities. Total debt decreased by \$351,063 during the year. The City issued \$1,083,189 during the fiscal year and made principal payments totaling \$1,434,252.

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 \$22,791,781 applicable to the limit is below the legal debt limit of \$78,050,944.

The School Board Component Unit relies upon the City to provide full faith and credit for any debt obligations incurred. Therefore, the City reports School Board Component Unit long-term liabilities, other than compensated absences, as its own. At June 30, 2010, \$13,902,041 of the governmental long-term debt was attributable to the School Board Component Unit for the construction of the new Belle Heth Elementary School. In addition to bonded debt and capital lease obligations, the City's long-term obligations include compensated absences and the OPEB obligation. Additional information concerning the City's long-term liabilities is presented in note 7 of the Basic financial statements.

CITY OF RADFORD OUTSTANDING DEBT						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	16,175,099	15,871,273	6,617,134	7,204,505	22,792,233	23,075,778
Unamortized Premium	389,532	407,588	-	-	389,532	407,588
Lease Purchase	380,783	421,860	-	-	380,783	421,860
Bond Anticipation Note	-	-	-	-	-	-
Revenue Bonds	-	-	129,968	138,353	129,968	138,353
Total	16,945,414	16,700,721	6,747,102	7,342,858	23,692,516	24,043,579

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's unemployment rate is 8.1 % out of a workforce of 8,320. This is an increase from the previous year which was 7.6% out of 8,237.

The City of Radford has experienced several years of financial stress. Factors contributing to the community's fiscal stress are the significant losses in State supported revenues, sluggish retail sales, industry cutbacks, as well as the overall declining health of the national economy. As a result of these influences, Radford will need to rely on the continued success of its manufacturing industries, growing the service sector of the economy and growth related to the expansion of Radford University. There are positive signs of a growing economy with slight increases in retail sales, tax collections, and investments in new manufacturing. The community should see significant growth from the reopening of the foundry in late 2010 and the construction of the new Radford University College of Business and Economics in the form of new jobs and utility usage.

For the 2010-2011 fiscal year, real estate and mobile home tax rates increased three cents. Electric rates increased an average of 7% for each customer class. Water and sewer rates increased 2.6%. Solid Waste remained level.

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, 619 Second Street, Radford, VA 24141, telephone (540)731-3614. The City's website is www.radford.va.us.

Basic Financial Statements

City of Radford, Virginia
Statement of Net Assets
June 30, 2010

June 30, 2015

	Primary Government			Component	Component
	Governmental	Business-type		Unit	Unit
	Activities	Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 6,898,772	\$ 6,908,029	\$ 13,806,801	\$ 967,856	\$ -
Investments	-	-	-	-	151,390
Receivables (net of allowance for uncollectibles):					
Taxes receivable	444,011	-	444,011	-	-
Accounts receivable	707,029	2,800,992	3,508,021	-	-
Due from other funds	13,831	(13,831)	-	-	-
Due from other governmental units	681,314	301,783	983,097	630,061	-
Inventories	66,993	543,178	610,171	8,263	-
Prepaid expenses	178,419	24,856	203,275	-	8,397
Deferred charges	-	24,456	24,456	-	7,073
Lease-purchase receivable	-	-	-	-	834,806
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	509,733	-	509,733	-	-
Capital assets (net of accumulated depreciation):					
Land	2,593,925	712,498	3,306,423	33,433	235,000
Buildings and improvements	26,583,340	307,821	26,891,161	5,382,281	2,721,131
Machinery and equipment	3,382,223	1,461,920	4,844,143	326,967	-
Infrastructure and utility plants	23,547,026	18,508,036	42,055,062	-	-
Construction in progress	2,311,698	1,291,717	3,603,415	121,284	-
Total assets	67,918,314	32,871,455	100,789,769	7,470,145	3,957,797
LIABILITIES					
Accounts payable	1,336,223	2,587,342	3,923,565	73,346	401
Accrued wages	347,979	74,808	422,787	35,382	-
Customers' deposits	-	357,412	357,412	-	-
Amount held for others	76,156	-	76,156	-	-
Accrued interest payable	312,894	-	312,894	-	-
Deferred revenue	155,577	-	155,577	58,469	-
Long-term liabilities:					
Due within one year	1,204,233	895,624	2,099,857	321,686	92,596
Due in more than one year	16,292,122	6,067,313	22,359,435	196,059	2,929,643
Total liabilities	19,725,184	9,982,499	29,707,683	684,942	3,022,640
NET ASSETS					
Invested in capital assets, net of related debt	41,472,798	15,534,890	57,007,688	5,863,965	768,698
Restricted					
Governmental activities	509,733	-	509,733	-	-
School cafeterias	-	-	-	22,568	-
Unrestricted (deficit)	6,210,599	7,354,066	13,564,665	898,670	166,459
Total net assets	\$ 48,193,130	\$ 22,888,956	\$ 71,082,086	\$ 6,785,203	\$ 935,157

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, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	Component Units
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 2,288,017	\$ 18,747	\$ 214,591		\$ (2,054,679)	\$ -	\$ (2,054,679)	\$ -
Judicial administration	1,155,145	250,380	442,922		(461,843)	-	(461,843)	-
Public safety	6,387,807	518,563	1,397,895		(4,471,349)	-	(4,471,349)	-
Public works	3,319,506	91,946	1,775,104		(1,452,456)	-	(1,452,456)	-
Health and welfare	2,291,061	-	1,729,208		(561,853)	-	(561,853)	-
Education	8,334,559	-	-		(8,334,559)	-	(8,334,559)	-
Parks, recreation, and cultural	2,163,466	121,802	135,192		(1,906,472)	-	(1,906,472)	-
Community development	669,451	-	269,482		(399,969)	-	(399,969)	-
Interest on long-term debt	771,041	-	-		(771,041)	-	(771,041)	-
Total governmental activities	\$ 27,380,053	\$ 1,001,438	\$ 5,964,394	\$ -	\$ (20,414,221)	\$ -	\$ (20,414,221)	\$ -
Business-type activities:								
Water and sewer	\$ 4,633,845	\$ 4,256,817	\$ -	\$ 302,236	\$ -	\$ (74,792)	\$ (74,792)	\$ -
Electric	17,074,528	18,732,499	-	-	-	1,657,971	1,657,971	-
Nonmajor funds	1,092,445	1,175,488	-	-	-	83,043	83,043	-
Total business-type activities	\$ 22,800,818	\$ 24,164,804	\$ -	\$ 302,236	\$ -	\$ 1,666,222	\$ 1,666,222	\$ -
Total primary government	\$ 50,180,871	\$ 25,166,242	\$ 5,964,394	\$ 302,236	\$ (20,414,221)	\$ 1,666,222	\$ (18,747,999)	\$ -
COMPONENT UNITS:								
School Board	\$ 15,143,535	\$ 218,138	\$ 9,622,537	\$ 124,450	\$ -	\$ -	\$ (5,178,410)	\$ -
IDA	291,730	-	-	-	-	-	-	(291,730)
Total component units	\$ 15,435,265	\$ 218,138	\$ 9,622,537	\$ 124,450	\$ -	\$ -	\$ (5,178,410)	\$ (291,730)
General revenues:								
General property taxes					\$ 7,234,689	\$ -	\$ 7,234,689	\$ -
Other local taxes:								
Local sales and use taxes					831,986	-	831,986	-
Consumers' utility taxes					556,629	-	556,629	-
Business license taxes					398,683	-	398,683	-
Motor vehicle taxes					185,808	-	185,808	-
Restaurant food taxes					891,213	-	891,213	-
Other local taxes					473,263	-	473,263	-
Unrestricted revenues from the use of money and property					143,927	5,307	149,234	1,544
Miscellaneous					2,069,130	-	2,069,130	59,050
Contributions from City of Radford					-	-	-	8,031,959
Grants and contributions not restricted to specific programs					1,465,078	-	1,465,078	-
Gain on disposal of capital assets					127,883	-	127,883	-
Transfers					2,357,390	(2,357,390)	-	-
Total general revenues, special items and transfers					\$ 16,735,679	\$ (2,352,083)	\$ 14,383,596	\$ 8,092,553
Change in net assets					\$ (3,678,542)	\$ (685,861)	\$ (4,364,403)	\$ 2,914,143
Net assets - beginning					51,871,672	23,574,817	75,446,489	3,871,060
Net assets - ending					\$ 48,193,130	\$ 22,888,956	\$ 71,082,086	\$ 6,785,203
								\$ 935,157

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

City of Radford, Virginia
Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 4,522,587	\$ 1,817,859	\$ 346,666	\$ 6,687,112
Receivables (net of allowance for uncollectibles):				
Taxes receivable	444,011	-	-	444,011
Accounts receivable	689,305	-	8,043	697,348
Due from other funds	13,831	-	-	13,831
Due from other governmental units	553,637	-	127,677	681,314
Prepaid items	156,869	-	11,535	168,404
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	474,302	35,431	-	509,733
Total assets	6,854,542	1,853,290	493,921	9,201,753
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	368,775	886,967	50,318	1,306,060
Accrued wages and benefits	315,845	-	26,663	342,508
Accrued vacation and sick pay	77,736	-	11,779	89,515
Amounts held for others	76,156	-	-	76,156
Deferred revenue	532,841	-	-	532,841
Total liabilities	1,371,353	886,967	88,760	2,347,080
Fund balances:				
Reserved, reported in: (Note 18)				
General fund	474,302	-	-	474,302
Capital projects funds	-	35,431	-	35,431
Unreserved, reported in:				
General fund	3,274,192	-	-	3,274,192
Special revenue funds	-	-	268,302	268,302
Designated (Note 18)	1,734,695	930,892	136,859	2,802,446
Total fund balances	5,483,189	966,323	405,161	6,854,673
Total liabilities and fund balances	\$ 6,854,542	\$ 1,853,290	\$ 493,921	\$ 9,201,753

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 Assets
June 30, 2010

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 6,854,673
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$46,053 in Internal Service Fund capital assets).	58,372,159
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	377,264
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 assets.	297,579
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(17,708,545)
Net assets of governmental activities	<u><u>\$ 48,193,130</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, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 7,141,132	\$ -	\$ -	\$ 7,141,132
Other local taxes	3,337,582	-	-	3,337,582
Permits, privilege fees, and regulatory licenses	37,917	-	-	37,917
Fines and forfeitures	195,704	-	-	195,704
Revenue from the use of money and property	140,098	3,829	-	143,927
Charges for services	719,614	-	48,203	767,817
Miscellaneous	2,067,232	-	1,898	2,069,130
Recovered costs	55,660	-	-	55,660
Intergovernmental revenues:				
Commonwealth	4,160,820	-	2,049,127	6,209,947
Federal	700,502	-	519,023	1,219,525
Total revenues	18,556,261	3,829	2,618,251	21,178,341
EXPENDITURES				
Current:				
General government administration	2,141,757	-	-	2,141,757
Judicial administration	1,125,737	-	-	1,125,737
Public safety	5,811,268	-	503,058	6,314,326
Public works	737,960	-	1,934,601	2,672,561
Health and welfare	2,275,675	-	2,807	2,278,482
Education	5,204,532	3,313,907	-	8,518,439
Parks, recreation, and cultural	1,857,756	-	-	1,857,756
Community development	400,200	-	269,936	670,136
Capital projects	-	1,727,243	-	1,727,243
Debt service:				
Principal retirement	819,987	-	-	819,987
Interest and other fiscal charges	817,932	-	-	817,932
Total expenditures	21,192,804	5,041,150	2,710,402	28,944,356
Excess (deficiency) of revenues over (under) expenditures	(2,636,543)	(5,037,321)	(92,151)	(7,766,015)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,244,196	500,000	116,663	2,860,859
Transfers out	(116,663)	(386,806)	-	(503,469)
Bond issuance	-	1,082,736	-	1,082,736
Sale of capital assets	127,883	-	-	127,883
Total other financing sources (uses)	2,255,416	1,195,930	116,663	3,568,009
Net change in fund balances	(381,127)	(3,841,391)	24,512	(4,198,006)
Fund balances - beginning	5,864,316	4,807,714	380,649	11,052,679
Fund balances - ending	\$ 5,483,189	\$ 966,323	\$ 405,161	\$ 6,854,673

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, 2010

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

Net change in fund balances - total governmental funds	\$ (4,198,006)
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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 expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	667,568
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	93,557
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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 assets. Also, governmental funds report the effect of issuance costs, 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.	(262,749)
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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.	22,067
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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.	(979)
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Change in net assets of governmental activities	<u><u>\$ (3,678,542)</u></u>
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The notes to the financial statements are an integral part of this statement.

City of Radford, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Enterprise Funds				Internal Service Fund
	Water and Sewer	Electric Fund	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 378,299	\$ 6,171,052	\$ 358,678	\$ 6,908,029	\$ 211,660
Accounts receivable, net of allowance for uncollectibles	456,930	2,185,030	159,032	2,800,992	9,681
Due from other funds	-	87,002	44,867	131,869	-
Due from other governmental units	301,783	-	-	301,783	-
Inventories	166,314	376,864	-	543,178	66,993
Prepaid expenses	8,905	11,041	4,910	24,856	10,015
Total current assets	1,312,231	8,830,989	567,487	10,710,707	298,349
Noncurrent assets:					
Other assets:					
Deferred charges	24,456	-	-	24,456	-
Capital assets:					
Land	188,734	523,764	-	712,498	-
Utility plant and lines in service	27,089,233	16,653,485	-	43,742,718	-
Buildings and improvements	24,143	409,796	-	433,939	27,218
Machinery and equipment	1,307,512	5,178,873	1,186,170	7,672,555	250,827
Construction in progress	1,291,717	-	-	1,291,717	-
Less accumulated depreciation	(14,964,074)	(15,904,221)	(703,140)	(31,571,435)	(231,992)
Total capital assets	14,937,265	6,861,697	483,030	22,281,992	46,053
Total noncurrent assets	14,961,721	6,861,697	483,030	22,306,448	46,053
Total assets	16,273,952	15,692,686	1,050,517	33,017,155	344,402
LIABILITIES					
Current liabilities:					
Accounts payable	134,048	2,382,729	70,565	2,587,342	30,163
Salaries and wages payable	20,948	44,034	9,826	74,808	5,471
Customers' deposits	30,613	326,799	-	357,412	-
Due to other funds	116,818	28,882	-	145,700	-
Compensated absences - current portion	35,736	111,866	14,274	161,876	8,392
Bonds payable - current portion	685,801	47,947	-	733,748	-
Total current liabilities	1,023,964	2,942,257	94,665	4,060,886	44,026
Noncurrent liabilities:					
Compensated absences - net of current portion	11,912	37,289	4,758	53,959	2,797
Bonds payable - net of current portion	5,536,156	477,198	-	6,013,354	-
Total noncurrent liabilities	5,548,068	514,487	4,758	6,067,313	2,797
Total liabilities	6,572,032	3,456,744	99,423	10,128,199	46,823
NET ASSETS					
Invested in capital assets, net of related debt	8,715,308	6,336,552	483,030	15,534,890	46,053
Unrestricted	986,612	5,899,390	468,064	7,354,066	251,526
Total net assets	\$ 9,701,920	\$ 12,235,942	\$ 951,094	\$ 22,888,956	\$ 297,579

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

City of Radford, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Electric Fund	Other Enterprise Funds	Total	Funds
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 1,814,748	\$ -	\$ -	\$ 1,814,748	\$ -
Electric sales	-	18,471,055	-	18,471,055	-
Sanitation charges	-	-	1,175,488	1,175,488	-
Internal service charges	-	-	-	-	791,591
Sewer sales	2,235,442	-	-	2,235,442	-
Tap fees	10,631	-	-	10,631	-
Connection fees	26,985	-	-	26,985	-
Availability fees	76,520	-	-	76,520	-
Penalties	74,338	173,451	-	247,789	-
Miscellaneous revenue	18,153	49,506	-	67,659	-
Other revenues	-	38,487	-	38,487	-
Total operating revenues	4,256,817	18,732,499	1,175,488	24,164,804	791,591
OPERATING EXPENSES					
Personnel	953,587	1,739,290	448,551	3,141,428	242,076
Professional services	129,202	80,249	96	209,547	-
Automotive expenses	44,301	61,649	110,223	216,173	406,475
Office supplies and expenses	3,053	11,621	300	14,974	325
Risk management	39,031	25,320	10,054	74,405	4,219
Postal services	2,446	175	-	2,621	-
Telecommunications	14,156	9,822	297	24,275	671
Conferences and education	1,367	6,692	-	8,059	-
Dues and memberships	847	6,869	-	7,716	-
Heating service	9,053	-	-	9,053	1,905
Repairs and maintenance	110,527	300,759	445	411,731	46,912
Janitorial supplies	693	980	-	1,673	372
Tools	8,470	139,033	6,527	154,030	9,519
Lease/rentals	807	84	-	891	-
Agricultural supplies	256	-	-	256	-
Uniforms	3,409	19,387	1,928	24,724	682
Building expenses	3,410	695	4,995	9,100	27,708
Solid waste services	1,776	1,114	63,864	66,754	-
Electrical service	170,796	1,164	-	171,960	28,621
Supplies	9,193	-	-	9,193	-
Purchase of electricity	-	12,752,542	-	12,752,542	-
Services from other governments	1,606,554	-	253,450	1,860,004	-
Payment in lieu of taxes	564,467	1,103,171	97,476	1,765,114	-
Miscellaneous	2,661	19,529	1,048	23,238	5,134
Chemicals and gases	73,540	-	-	73,540	1,890
Depreciation	843,505	755,186	93,191	1,691,882	16,061
Total operating expenses	4,597,107	17,035,331	1,092,445	22,724,883	792,570
Operating income (loss)	(340,290)	1,697,168	83,043	1,439,921	(979)
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental revenue	-	-	-	-	-
Investment earnings	4,831	476	-	5,307	-
Loss on disposal of assets	-	(20,632)	-	(20,632)	-
Interest expense	(36,738)	(18,565)	-	(55,303)	-
Total nonoperating revenues (expenses)	(31,907)	(38,721)	-	(70,628)	-
Income before special items and transfers	(372,197)	1,658,447	83,043	1,369,293	(979)
Capital contributions and construction grants	302,236	-	-	302,236	-
Transfers in	-	-	-	-	-
Transfers out	(113,194)	(2,234,535)	(9,661)	(2,357,390)	-
Change in net assets	(183,155)	(576,088)	73,382	(685,861)	(979)
Total net assets - beginning	9,885,075	12,812,030	877,712	23,574,817	298,558
Total net assets - ending	\$ 9,701,920	\$ 12,235,942	\$ 951,094	\$ 22,888,956	\$ 297,579

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, 2010

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Electric Fund	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 4,243,573	\$ 18,770,381	\$ 1,164,422	\$ 24,178,376	\$ -
Receipts from interfund services	-	-	-	-	785,540
Payments to suppliers	(2,927,905)	(13,398,604)	(557,904)	(16,884,413)	(510,203)
Payments to employees	(971,076)	(1,744,663)	(460,886)	(3,176,625)	(241,717)
Net cash provided (used) by operating activities	344,592	3,627,114	145,632	4,117,338	33,620
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	(2,234,535)	(9,661)	(2,244,196)	-
Transfers from other funds	(113,194)	-	-	(113,194)	-
Advances from other funds	62,971	10,298	-	73,269	-
Advances to other funds	-	(50,532)	(17,031)	(67,563)	-
Net cash provided (used) by noncapital financing activities	(50,223)	(2,274,769)	(26,692)	(2,351,684)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Additions to utility plant, equipment (1)	(1,141,046)	(190,323)	(233,190)	(1,564,559)	(6,200)
Principal payments on bonds	(547,637)	(48,572)	-	(596,209)	-
Contributions in aid of construction	453	-	-	453	-
Proceeds from indebtedness	453	-	-	453	-
Interest payments	(44,194)	(18,565)	-	(62,759)	-
Net cash provided (used) by capital and related financing activities	(1,731,971)	(257,460)	(233,190)	(2,222,621)	(6,200)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	4,831	476	-	5,307	-
Net cash provided (used) by investing activities	4,831	476	-	5,307	-
Net increase (decrease) in cash and cash equivalents	(1,432,771)	1,095,361	(114,250)	(451,660)	27,420
Cash and cash equivalents - beginning	1,811,070	5,075,691	472,928	7,359,689	184,240
Cash and cash equivalents - ending	\$ 378,299	\$ 6,171,052	\$ 358,678	\$ 6,908,029	\$ 211,660
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (340,290)	\$ 1,697,168	\$ 83,043	\$ 1,439,921	\$ (979)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	843,505	755,186	93,191	1,691,882	16,061
(Increase) decrease in accounts receivable	(20,560)	34,706	(11,066)	3,080	(6,051)
(Increase) decrease in inventories	(324)	36,812	-	36,488	(799)
(Increase) decrease in prepaid expenses	406	(324)	874	956	1,467
Increase (decrease) in customer deposits	7,316	3,176	-	10,492	-
Increase (decrease) in operating payables	(127,972)	1,105,763	(8,075)	969,716	23,562
Increase (decrease) in salaries and wages payable	(16,814)	(6,589)	(7,092)	(30,495)	(1,283)
Increase (decrease) in accrued leave	(675)	1,216	(5,243)	(4,702)	1,642
Total adjustments	684,882	1,929,946	62,589	2,677,417	34,599
Net cash provided (used) by operating activities	\$ 344,592	\$ 3,627,114	\$ 145,632	\$ 4,117,338	\$ 33,620

(1) Includes capitalized interest of \$117,098 in the Water and Sewer Fund

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

City of Radford, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 23,154
Total assets	<u>23,154</u>
LIABILITIES	
Amounts held for social services clients	6,394
Amounts held for CSA program	16,760
Total liabilities	<u>\$ 23,154</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, 2010

Note 1-Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

Blended component units - None

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

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

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

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

Jointly Governed Organizations - The City of Radford jointly governs the Pepper's Ferry Regional Wastewater Treatment Authority with the Board of Supervisors for the Counties of Pulaski and Montgomery and the Towns of Dublin and Pulaski. The Authority was created to operate a wastewater equalization, pumping, treatment, and disposal system for its members. The City appoints two members to the Authority's board of directors. During the current fiscal year, the City of Radford paid \$1,606,554 to the Pepper's Ferry Regional Wastewater Treatment Authority.

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

A. Reporting Entity (Continued)

The City of Radford is also a member of the New River Resource Authority, which it jointly governs with the County of Pulaski, the Town of Pulaski, the Town of Dublin, and Counties of Montgomery and Giles. The City of Radford appoints two members to the Authority's seven-member board of directors. The City of Radford paid \$253,450 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 \$655,203 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 assets 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 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.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred 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 all financial resources of the general government, except those required to be accounted for in other funds.

The *capital projects fund* is used to report general capital projects.

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

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

The government reports the following major proprietary funds:

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

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

The government reports the following non-major proprietary funds:

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

The City offers internet access to citizens and businesses in the community. These activities are accounted for in the Communications Fund.

Additionally, the government reports the following fund types:

Special Revenue Funds account for the proceeds of specific revenue sources (other than those dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The Grants Fund and Highway Maintenance Fund are reported as non-major special revenue funds.

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

2. Receivables and payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

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

D. Assets, liabilities, and net assets or equity (Continued)

3. 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.

4. 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 \$224,557 at June 30, 2010. The allowance consists of delinquent taxes in the amount of \$77,703, delinquent water and sewer bills of \$23,792, delinquent solid waste fees of \$8,357, and delinquent electric bills of \$114,705.

5. 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.

6. Capital assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

D. Assets, liabilities, and net assets or equity (Continued)

7. Compensated Absences

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

8. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010**Note 1-Summary of Significant Accounting Policies: (Continued)**

D. Assets, liabilities, and net assets or equity (Continued)

11. Inventories and prepaid items

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

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

Note 2-Reconciliation of Government-Wide and Fund Financial Statements:

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this (\$17,798,060) difference for the primary government are as follows:

	Primary Government
	<hr/>
Bonds payable	\$ (16,175,099)
Premium on bond issuance	(389,532)
Accrued interest payable	(312,894)
Capital lease purchase	(380,783)
OPEB obligation	(34,436)
Compensated absences - long-term portion	(415,801)
	<hr/>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	\$ (17,708,545)
	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$667,568 difference for the primary government are as follows:

	Primary Government
Capital outlays	\$ 2,836,836
Depreciation expenses	(2,169,268)
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 667,568

Another element of that reconciliation states "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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this (\$262,749) difference in the primary government are as follows:

	Primary Government
Debt Issued or incurred:	
Bond Issuance	\$ (1,082,736)
Principal repayments:	
General obligation debt	819,987
Net adjustment to increase <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (262,749)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 2-Reconciliation of Government-Wide and Fund Financial Statements: (Continued)

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities (Continued)

Another element of that reconciliation states, "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." The details of this \$22,067 difference for the primary government are as follows:

	Primary Government
(Increase) decrease in compensated absences - long-term portion	\$ (7,590)
Amortization of bond premiums	18,056
(Increase) decrease in opeb liability	(17,234)
(Increase) decrease in accrued interest	28,835
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 22,067

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Note 3-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. Prior to March 30, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The following funds have legally adopted budgets: General Fund, Capital Projects Fund, Highway Maintenance, Grants Fund and the School Operating Fund.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. Only City Council can revise appropriations for each fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. The School Operating Fund is integrated only at the level of legal adoption.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all City units.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is part of the City's accounting system.

B. Excess of expenditures over appropriations

For the year ending June 30, 2010, expenditures in the Electric and Highway Maintenance Funds exceeded appropriations.

C. Deficit fund equity

At June 30, 2010, there were no funds with deficit fund equity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 4-Deposits and Investments:Deposits:

All cash of the City of Radford, Virginia and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

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, 2010 were rated by Standard and Poor's rating scale and the ratings are presented below.

City's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
LGIP	\$ 7,688,840
SNAP	35,431

The Local Government Investment Pool (LGIP) is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7. The fair value of the positions in the external investment pools (LGIP and SNAP) is the same as the value of the pool shares. The State Non-arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 5-Due from Other Governmental Units:

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

	Primary Government
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 132,681
Local communication tax	131,864
Categorical aid-other	109,743
Non-categorical aid	34,061
Categorical aid-Virginia Public Assistance	39,374
Categorical aid-Comprehensive Services Act	59,018
<u>Federal Government:</u>	
Categorical aid-Virginia Public Assistance	43,424
Categorical aid-other	432,932
Total	<u>\$ 983,097</u>

Note 6-Interfund Transfers/Component Unit Contributions:

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	\$ 2,244,196	\$ 116,663
Capital Projects Fund	500,000	386,806
Grants Fund	4,690	-
Highway Maintenance Fund	111,973	-
Electric Fund	-	2,234,535
Water and Sewer Fund	-	113,194
Communications Fund	-	9,661
Total	<u>\$ 2,860,859</u>	<u>\$ 2,860,859</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 6-Interfund Transfers/Component Unit Contributions: (Continued)

Primary government contributions to component units for the year ended June 30, 2010, consisted of the following and include the transfer of funds for debt-financed projects:

Component Unit:	
School Board	\$ 8,472,371

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

Note 7-Long-Term Debt:**Primary Government - Governmental Activity Indebtedness:**

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2011	\$ 676,528	\$ 747,483
2012	723,825	722,136
2013	1,017,526	682,437
2014	1,050,472	641,791
2015	1,065,498	599,248
2016-2020	2,950,409	2,522,929
2021-2025	3,153,077	1,767,738
2026-2030	3,487,764	875,649
2031-2034	2,050,000	194,350
Totals	<u>\$ 16,175,099</u>	<u>\$ 8,753,761</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 7-Long-Term Debt: (Continued)Primary Government - Governmental Activity Indebtedness: (Continued)

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2010.

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
General Obligation				
Bonds	\$ 15,871,273	\$ 1,082,736	\$ (778,910)	\$ 16,175,099
Unamortized Premium	407,588	-	(18,056)	389,532
Lease Purchase	421,860	-	(41,077)	380,783
OPEB obligation	17,202	21,958	(4,724)	34,436
Compensated Absences	505,678	425,917	(415,090)	516,505
Total	\$ 17,223,601	\$ 1,530,611	\$ (1,257,857)	\$ 17,496,355

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

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds and Notes:						
GO Bond	3.59%	9/12/2003	2019	\$ 1,559,255	\$ 520,679	\$ 55,876
GO Bond	2.97%	4/7/2004	2015	2,202,000	1,059,175	203,115
GO Bond	4.6-5.1%	5/15/2008	2034	8,120,000	7,955,000	175,000
GO Bond	3.6-5.35%	12/11/2008	2029	5,797,690	5,557,509	242,537
GO Bond	4.00%	5/7/2010	2014	6,500,000	1,082,736	-
Subtotal GO Bonds and Notes					\$ 16,175,099	\$ 676,528
Add: Bond Premium	n/a	n/a	n/a	n/a	267,148	-
Bond Premium	n/a	n/a	n/a	n/a	122,384	-
Total GO Bonds and Notes					\$ 16,564,631	\$ 676,528
Other Obligations:						
Capital Lease	3.49%	6/13/2008	2018	\$ 461,638	\$ 380,783	\$ 42,419
OPEB Obligation	n/a	n/a	n/a	n/a	34,436	-
Comp. Absences	n/a	n/a	n/a	n/a	516,505	387,379
Total Long-term Debt					\$ 17,496,355	\$ 1,106,326

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 7-Long-Term Debt: (Continued)Primary Government - Enterprise Activity Indebtedness:

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

Water/Wastewater Fund				
Year Ending June 30,	Revenue Bonds		General Obligation	
	Principal	Interest	Principal	Interest
2011	\$ 8,385	\$ -	\$ 677,416	\$ 208,460
2012	8,385	-	696,667	183,527
2013	8,385	-	717,087	157,877
2014	8,385	-	738,249	131,486
2015	8,385	-	760,181	104,324
2016-2020	41,925	-	2,457,789	151,026
2021-2025	41,925	-	44,600	-
2026-2028	4,193	-	-	-
Totals	<u>\$ 129,968</u>	<u>\$ -</u>	<u>\$ 6,091,989</u>	<u>\$ 936,700</u>

Electric Fund		
Year Ending June 30,	General Obligation	
	Principal	Interest
2011	\$ 47,947	\$ 17,565
2012	49,647	15,865
2013	51,408	14,104
2014	53,232	12,281
2015	55,119	10,393
2016-2020	267,792	22,030
Totals	<u>\$ 525,145</u>	<u>\$ 92,238</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 7-Long-Term Debt: (Continued)Primary Government - Enterprise Activity Indebtedness: (Continued)

The following is a summary of long-term debt transactions of the Enterprise Funds for the year ended June 30, 2010.

	Balance July 1, 2009	Issuances	Retirements	Balance June 30, 2010
Revenue Bonds	\$ 138,353	\$ -	\$ (8,385)	\$ 129,968
General Obligation Bonds	7,204,505	453	(587,824)	6,617,134
Compensated Absences	220,537	160,701	(165,403)	215,835
Total	<u>\$ 7,563,395</u>	<u>\$ 161,154</u>	<u>\$ (761,612)</u>	<u>\$ 6,962,937</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, 2010

Note 7-Long-Term Debt: (Continued)Primary Government - Enterprise Activity Indebtedness: (Continued)Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Water/Wastewater Fund						
Revenue Bonds:						
Revenue Bond	0.00%	9/29/2005	2026	\$ 167,700	\$ 129,968	\$ 8,385
Revenue Bond	0.00%	1/1/2010	2041	901,546	452	452
Total Revenue Bonds					<u>\$ 130,420</u>	<u>\$ 8,837</u>
General Obligation Bonds:						
GO Bond	2.97%	8/1/1996	2016	\$ 2,500,000	\$ 774,234	\$ 125,000
GO Bond	3.59%	9/12/2003	2018	6,440,745	4,352,065	467,040
GO Bond	3.49%	12/7/2004	2020	1,196,530	820,948	74,955
GO Bond	0.00%	7/30/2004	2024	337,660	144,290	9,969
Total General Obligation Bonds					<u>\$ 6,091,537</u>	<u>\$ 676,964</u>
Other Obligations:						
Comp. Absences	n/a	n/a	n/a	n/a	\$ 47,648	\$ 35,736
Total Long-term Debt-Water/Sewer Fund					<u>\$ 6,269,605</u>	<u>\$ 721,537</u>
Electric Fund						
General Obligation Bonds:						
GO Bond	3.49%	12/7/2004	2020	\$ 763,470	\$ 525,145	\$ 47,947
Other Obligations:						
Comp. Absences	n/a	n/a	n/a	n/a	\$ 149,155	\$ 111,866
Total Long-term Debt-Electric Fund					<u>\$ 674,300</u>	<u>\$ 159,813</u>
Other Funds						
Other Obligations:						
Comp. Absences	n/a	n/a	n/a	n/a	\$ 19,032	\$ 14,274
Total Long-term Debt-Other Funds					<u>\$ 19,032</u>	<u>\$ 14,274</u>
Grand Total Long-term debt					<u><u>\$ 6,962,937</u></u>	<u><u>\$ 895,624</u></u>

Note 8-Employee Retirement System and Pension Plans:

A. Plan Description

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2009Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500

B. Funding Policy

Primary Government:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. The employer may assume this 5% member contribution. In addition, the City of Radford, Virginia is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City of Radford, Virginia's contribution rate for the fiscal year ended 2010 was 8.69% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 8-Employee Retirement System and Pension Plans: (Continued)**C. Annual Pension Cost**

For fiscal year 2010, the City of Radford, Virginia's annual pension cost of \$1,172,848 (which includes \$428,360 employee portion assumed by employer) was equal to the City of Radford, Virginia's required and actual contributions.

Three-Year Trend Information

	Fiscal Year Ending	Annual Pension Cost (APC)(1)	Percentage of APC Contributed	Net Pension Obligation
Primary Government:				
City	6/30/2010	\$ 1,172,848	100.00%	\$ -
	6/30/2009	1,200,614	100.00%	-
	6/30/2008	1,254,176	100.00%	-

(1) Employer and Employee portion - Employee portion assumed by Employer

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City of Radford, Virginia's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City of Radford, Virginia's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was 86.86% funded. The actuarial accrued liability for benefits was \$38,107,136, and the actuarial value of assets was \$33,098,020, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,009,116. The covered payroll (annual payroll of active employees covered by the plan) was \$8,801,240, and ratio of the UAAL to the covered payroll was 56.91%.

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

Note 9-Other Postemployment Benefits (OPEB):

From an accrual accounting perspective, the cost of post-employment health care benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB Statement No. 45, the City recognizes the cost of post-employment health care in the year when the employee services are rendered, reports the accumulating liability, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability. As allowable by GASB Statement No. 45, the City calculates their OPEB obligation using an alternative approach and certain simplified assumptions.

A. Plan Description

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

B. Funding Policy

The City currently pays for post-retirement health care benefits on a pay-as-you-go basis. The City currently has 53 employees that are eligible for the program. In addition, for retirees of the City, 100 percent of premiums are the responsibility of the retiree. The rates were as follows at June 30, 2010:

<u>Participants</u>	<u>Total Premium</u>
Employee	\$ 465

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 9-Other Postemployment Benefits (OPEB): (Continued)**C. Annual OPEB Cost**

For 2010, the City's annual OPEB cost (expense) was \$21,958 and the ARC was \$21,927. The obligation calculation is as follows:

Annual required contribution	\$ 21,927
Interest on net OPEB obligation	688
Adjustment to annual required contribution	(657)
Annual OPEB cost (expense)	<u>21,958</u>
Contributions made	<u>4,724</u>
Increase in net OPEB obligation	17,234
Net OPEB obligation - beginning of year	<u>17,202</u>
Net OPEB obligation - ending of year	\$ 34,436

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year Ended*	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 21,958	22%	\$ 34,436
6/30/2009	21,927	22%	17,202

* Information has only been available for two years.

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2009 (the most recent valuation date), was as follows:

Actuarial accrued liability (AAL)	\$ 336,403
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 336,403
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 2,340,250
UAAL as a percentage of covered payroll	14.37%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 9-Other Postemployment Benefits (OPEB): (Continued)

D. Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2009, actuarial valuation, the entry age normal actuarial cost method was used. Under this method, stable employer contributions are produced in amounts that increase at the same rate as the employer's payroll. The actuarial assumptions included: inflation at 3.0%, an investment rate of return at 4.0%, and a health care trend rate of 9.0% graded to 4.70%. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2010, was 30 years.

Note 10-Deferred Revenue:

Deferred 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. Deferred revenue totaling \$532,841 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers totaled \$155,577 at June 30, 2010.

Uncollected Taxes - Property taxes not collected within 60 days after year-end are reflected as deferred revenues. These taxes totaled \$377,265 at June 30, 2010.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 11-Capital Assets:

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary Government: (including internal service funds)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,593,925	\$ -	\$ -	\$ 2,593,925
Construction in progress	13,886,966	2,371,932	(13,947,200)	2,311,698
Total capital assets not being depreciated	<u>\$ 16,480,891</u>	<u>\$ 2,371,932</u>	<u>\$ (13,947,200)</u>	<u>\$ 4,905,623</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 16,360,075	\$ 13,917,690	\$ -	\$ 30,277,765
Infrastructure	50,030,969	70,648	-	50,101,617
Machinery and equipment	9,584,416	429,966	(408,774)	9,605,608
Total capital assets being depreciated	<u>\$ 75,975,460</u>	<u>\$ 14,418,304</u>	<u>\$ (408,774)</u>	<u>\$ 89,984,990</u>
Less: accumulated depreciation for:				
Buildings and improvements	\$ (3,121,184)	\$ (573,241)	\$ -	\$ (3,694,425)
Infrastructure	(25,639,483)	(915,108)	-	(26,554,591)
Machinery and equipment	(5,935,179)	(696,980)	408,774	(6,223,385)
Total accumulated depreciation	<u>\$ (34,695,846)</u>	<u>\$ (2,185,329)</u>	<u>\$ 408,774</u>	<u>\$ (36,472,401)</u>
Total capital assets being depreciated, net	<u>\$ 41,279,614</u>	<u>\$ 12,232,975</u>	<u>\$ -</u>	<u>\$ 53,512,589</u>
Governmental activities capital assets, net	<u>\$ 57,760,505</u>	<u>\$ 14,604,907</u>	<u>\$ (13,947,200)</u>	<u>\$ 58,418,212</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 11-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	492,327	1,005,681	(206,291)	1,291,717
Total capital assets not being depreciated	<u>\$ 1,204,825</u>	<u>\$ 1,005,681</u>	<u>\$ (206,291)</u>	<u>\$ 2,004,215</u>
Capital assets, being depreciated:				
Buildings and structures	\$ 433,939	\$ -	\$ -	\$ 433,939
Machinery and equipment	8,046,183	540,805	(914,433)	7,672,555
Plant and infrastructure	43,494,104	248,614		43,742,718
Total capital assets being depreciated	<u>\$ 51,974,226</u>	<u>\$ 789,419</u>	<u>\$ (914,433)</u>	<u>\$ 51,849,212</u>
Less: accumulated depreciation for:				
Buildings and structures	\$ (113,726)	\$ (12,392)	\$ -	\$ (126,118)
Machinery and equipment	(6,828,805)	(275,631)	893,801	(6,210,635)
Plant and infrastructure	(23,806,573)	(1,428,109)	-	(25,234,682)
Total accumulated depreciation	<u>\$ (30,749,104)</u>	<u>\$ (1,716,132)</u>	<u>\$ 893,801</u>	<u>\$ (31,571,435)</u>
Total capital assets being depreciated, net	<u>\$ 21,225,122</u>	<u>\$ (926,713)</u>	<u>\$ (20,632)</u>	<u>\$ 20,277,777</u>
Business-type activities capital assets, net	<u>\$ 22,429,947</u>	<u>\$ 78,968</u>	<u>\$ (226,923)</u>	<u>\$ 22,281,992</u>

Assets with an initial cost of \$24,250 and accumulated depreciation of \$24,250 were transferred from governmental activities to business-type activities during the fiscal year ending June 30, 2010.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 11-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 223,481
Judicial administration	35,113
Public safety	346,672
Public works	1,008,517
Health and welfare	10,953
Education	256,532
Parks, recreation, and culture	304,060
	<hr/>
Total depreciation expense-governmental activities	\$ 2,185,328
	<hr/>
Business type activities:	
Water and Sewer Fund	\$ 843,505
Electric Fund	755,186
Solid Waste Fund	93,191
	<hr/>
Total depreciation expense-business type activities	\$ 1,691,882

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 12-Capital Leases:

The City has entered into a lease agreement to finance the acquisition of a Fire Truck. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments at the date of inception.

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

	<u>Fire Truck</u>
Machinery & Equipment	\$ 900,638
Accumulated Depreciation	<u>(45,007)</u>
Total	<u><u>\$ 855,631</u></u>

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

Fiscal Year Ended	Fire Truck Lease
2011	\$ 55,341
2012	55,234
2013	55,124
2014	55,010
2015	54,892
2016-2019	<u>164,584</u>
Total minimum lease payments	440,185
Less: amount representing interest	<u>(59,402)</u>
Present value of minimum lease payments	<u><u>\$ 380,783</u></u>

Note 13-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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 14-Contingent Liabilities:

Federal programs in which the City and its component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

Note 15-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Ann Howard, Clerk of Circuit Court	\$	190,000
Janet H. Jones, Treasurer		500,000
Cathy Flinchum, Commissioner of Revenue		3,000

Note 16 - Commitments and Contingencies:

The City leases real estate, which it uses to provide additional public parking downtown. The lease terms call for monthly payments of \$3,678 with potential increases at every five-year renewal. The rental increases will be based on the consumer price index. The City may renew the lease for an additional five years after the current lease expires. The renewal terms will expire in 2017.

Note 17 - Arbitrage Rebate Compliance:

As of June 30, 2010 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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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010

Note 18-Reserved and Designated Funds/Net Assets:

			<u>Street</u>	<u>Capital</u>
	<u>General Fund</u>	<u>Grants Fund</u>	<u>Maintenance Fund</u>	<u>Projects Fund</u>
Governmental Activities:				
Restricted/reserved for:				
Fire donations	\$ 175,026	\$ -	\$ -	\$ -
Police department	19,757	-	-	-
Four for life program	54,363	-	-	-
Fire programs	86,910	-	-	-
Recreation donations	29,518	-	-	-
Library donations	2,588	-	-	-
Courthouse maintenance	48,371	-	-	-
Law library	17,271	-	-	-
Beautification donations	14,627	-	-	-
Courtroom security	11,174	-	-	-
Inmate booking	13,253	-	-	-
Project lifesaver	1,444	-	-	-
Capital projects	-	-	-	35,431
	<hr/>			
Total restricted/reserved balances	\$ 474,302	\$ -	\$ -	\$ 35,431
	<hr/>			
Governmental Funds:				
Designated funds:				
Communications tower	\$ 129,047	\$ -	\$ -	\$ -
Library fines/copier fees	24,965	-	-	-
Volunteer service awards	34,828	-	-	-
DMV revenues	23,284	-	-	-
School Board	1,451,571	-	-	-
Encumbrances	71,000	117,759	19,100	930,892
	<hr/>			
Total designated funds	\$ 1,734,695	\$ 117,759	\$ 19,100	\$ 930,892
	<hr/>			

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, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 7,397,544	\$ 7,397,544	\$ 7,141,132	\$ (256,412)
Other local taxes	3,497,584	3,483,709	3,337,582	(146,127)
Permits, privilege fees, and regulatory licenses	39,050	39,050	37,917	(1,133)
Fines and forfeitures	322,200	322,200	195,704	(126,496)
Revenue from the use of money and property	283,541	283,541	140,098	(143,443)
Charges for services	562,950	562,950	719,614	156,664
Miscellaneous	1,957,457	2,164,957	2,067,232	(97,725)
Recovered costs	67,938	67,938	55,660	(12,278)
Intergovernmental revenues:				
Commonwealth	4,153,151	4,252,796	4,160,820	(91,976)
Federal	896,116	932,326	700,502	(231,824)
Total revenues	19,177,531	19,507,011	18,556,261	(950,750)
EXPENDITURES				
Current:				
General government administration	2,303,684	2,203,097	2,141,757	61,340
Judicial administration	1,133,295	1,169,806	1,125,737	44,069
Public safety	5,892,599	5,921,581	5,811,268	110,313
Public works	764,426	760,124	737,960	22,164
Health and welfare	2,500,656	2,632,351	2,275,675	356,676
Education	5,472,457	5,460,001	5,204,532	255,469
Parks, recreation, and cultural	1,671,485	1,877,808	1,857,756	20,052
Community development	364,554	408,850	400,200	8,650
Debt service:				
Principal retirement	809,064	809,064	819,987	(10,923)
Interest and other fiscal charges	828,680	828,680	817,932	10,748
Total expenditures	21,740,900	22,071,362	21,192,804	878,558
Excess (deficiency) of revenues over (under) expenditures	(2,563,369)	(2,564,351)	(2,636,543)	(72,192)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,244,196	2,244,196	2,244,196	-
Transfers out	(111,973)	(116,663)	(116,663)	-
Sale of capital assets	-	-	127,883	127,883
Total other financing sources (uses)	2,132,223	2,127,533	2,255,416	127,883
Net change in fund balances	(431,146)	(436,818)	(381,127)	55,691
Fund balances - beginning	431,146	436,818	5,864,316	5,427,498
Fund balances - ending	\$ -	\$ -	\$ 5,483,189	\$ 5,483,189

Note: GAAP serves as the budgetary basis of accounting

City of Radford, Virginia
Required Supplementary Information

Schedule of Pension and OPEB Funding Progress
For the Year Ended June 30, 2010

Primary Government: City Retirement Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
6/30/2009	\$ 33,098,020	\$ 38,107,136	\$ 5,009,116	86.86%	\$ 8,801,240	56.91%
6/30/2008	33,274,113	36,020,188	2,746,075	92.38%	8,355,384	32.87%
6/30/2007	30,623,339	34,206,505	3,583,166	89.52%	8,086,655	44.31%

City Retirees Healthcare Plan

Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
6/30/2009	\$ -	\$ 336,403	\$ 336,403	0.00%	\$ 2,340,250	14.37%

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, 2010

	<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				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,829	\$ 3,829
Miscellaneous	391,895	50,000	-	(50,000)
Intergovernmental revenues:				
Commonwealth	159,195	-	-	-
Federal	2,232,492	1,803,092	-	(1,803,092)
Total revenues	<u>2,783,582</u>	<u>1,853,092</u>	<u>3,829</u>	<u>(1,849,263)</u>
EXPENDITURES				
Current:				
Education	-	-	3,313,907	(3,313,907)
Capital projects	11,245,082	9,106,720	1,727,243	7,379,477
Total expenditures	<u>11,245,082</u>	<u>9,106,720</u>	<u>5,041,150</u>	<u>4,065,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,461,500)</u>	<u>(7,253,628)</u>	<u>(5,037,321)</u>	<u>2,216,307</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	427,458	902,266	500,000	(402,266)
Transfers out	-	-	(386,806)	(386,806)
Proceeds from bond issuances	6,039,230	6,039,230	1,082,736	(4,956,494)
Total other financing sources (uses)	<u>6,466,688</u>	<u>6,941,496</u>	<u>1,195,930</u>	<u>(5,745,566)</u>
Net change in fund balances	<u>(1,994,812)</u>	<u>(312,132)</u>	<u>(3,841,391)</u>	<u>(3,529,259)</u>
Fund balances - beginning	1,994,812	768,798	4,807,714	4,038,916
Fund balances - ending	<u>\$ -</u>	<u>\$ 456,666</u>	<u>\$ 966,323</u>	<u>\$ 509,657</u>

City of Radford, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	<u>Special Revenue Funds</u>		
	<u>Grants Fund</u>	<u>Highway Maintenance Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 37,670	\$ 308,996	\$ 346,666
Receivables (net of allowance for uncollectibles):			
Accounts receivable	-	8,043	8,043
Due from other governmental units	105,953	21,724	127,677
Prepaid items	1,705	9,830	11,535
Total assets	<u>145,328</u>	<u>348,593</u>	<u>493,921</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	23,306	27,012	50,318
Accrued wages payable	4,140	22,523	26,663
Accrued vacation and sick pay	123	11,656	11,779
Total liabilities	<u>27,569</u>	<u>61,191</u>	<u>88,760</u>
Fund balances:			
Unreserved:			
Designated for encumbrances	117,759	19,100	136,859
Undesignated	-	268,302	268,302
Total fund balances	<u>117,759</u>	<u>287,402</u>	<u>405,161</u>
Total liabilities and fund balances	<u>\$ 145,328</u>	<u>\$ 348,593</u>	<u>\$ 493,921</u>

City of Radford, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	<u>Special Revenue Funds</u>		
	<u>Grants Fund</u>	<u>Highway Maintenance Fund</u>	<u>Total</u>
REVENUES			
Charges for services	\$ -	\$ 48,203	\$ 48,203
Miscellaneous	1,898	-	1,898
Intergovernmental revenues:			
Commonwealth	279,148	1,769,979	2,049,127
Federal	497,299	21,724	519,023
Total revenues	<u>778,345</u>	<u>1,839,906</u>	<u>2,618,251</u>
EXPENDITURES			
Current:			
Public safety	503,058	-	503,058
Public works	4,627	1,929,974	1,934,601
Health and welfare	2,807	-	2,807
Community development	269,936	-	269,936
Total expenditures	<u>780,428</u>	<u>1,929,974</u>	<u>2,710,402</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,083)</u>	<u>(90,068)</u>	<u>(92,151)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,690	111,973	116,663
Total other financing sources (uses)	<u>4,690</u>	<u>111,973</u>	<u>116,663</u>
Net change in fund balances	2,607	21,905	24,512
Fund balances - beginning	115,152	265,497	380,649
Fund balances - ending	<u>\$ 117,759</u>	<u>\$ 287,402</u>	<u>\$ 405,161</u>

City of Radford, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2010

	Grants Fund			Highway Maintenance Fund		
	Budgeted Amounts		Variance with Final Budget Positive (Negative)	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original	Final		Original	Final	
REVENUES						
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ (1,000)
Charges for services	-	-	-	47,000	47,000	1,203
Miscellaneous	8,272	-	1,898	-	-	-
Intergovernmental revenues:						
Commonwealth	213,840	280,296	279,148	1,717,819	1,717,819	52,160
Federal	1,541,543	1,147,345	497,299	-	-	21,724
Total revenues	1,763,655	1,427,641	778,345	1,765,819	1,839,906	74,087
EXPENDITURES						
Current:						
Public safety	942,224	965,799	503,058	-	-	-
Public works	6,508	5,125	4,627	1,877,792	1,926,557	(3,417)
Health and welfare	500	3,422	2,807	-	-	-
Parks, recreation, and cultural	11,098	37,864	-	-	-	-
Community development	941,997	464,393	269,936	-	-	-
Total expenditures	1,902,327	1,476,603	780,428	1,877,792	1,926,557	(3,417)
Excess (deficiency) of revenues over (under) expenditures	(138,672)	(48,962)	(2,083)	(111,973)	(160,738)	70,670
OTHER FINANCING SOURCES (USES)						
Transfers in	-	4,690	4,690	111,973	111,973	-
Total other financing sources (uses)	-	4,690	4,690	111,973	111,973	-
Net change in fund balances	(138,672)	(44,272)	2,607	-	(48,765)	70,670
Fund balances - beginning	138,672	44,272	115,152	-	48,765	216,732
Fund balances - ending	\$ -	\$ -	\$ 117,759	\$ -	\$ 287,402	\$ 287,402

City of Radford, Virginia
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2010

	Enterprise Funds		
	Solid	Communications	
	Waste Fund	Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 358,678	\$ -	\$ 358,678
Accounts receivable, net of allowance for uncollectibles	159,032	-	159,032
Due from other funds	44,867	-	44,867
Prepaid expenses	4,910	-	4,910
Total current assets	567,487	-	567,487
Noncurrent assets:			
Capital assets:			
Machinery and equipment	1,186,170	-	1,186,170
Less: accumulated depreciation	(703,140)	-	(703,140)
Total capital assets	483,030	-	483,030
Total noncurrent assets	483,030	-	483,030
Total assets	1,050,517	-	1,050,517
LIABILITIES			
Current liabilities:			
Accounts payable	70,565	-	70,565
Salaries and wages payable	9,826	-	9,826
Compensated absences - current portion	14,274	-	14,274
Total current liabilities	94,665	-	94,665
Noncurrent liabilities:			
Compensated absences - net of current portion	4,758	-	4,758
Total liabilities	99,423	-	99,423
NET ASSETS			
Invested in capital assets, net of related debt	483,030	-	483,030
Unrestricted	468,064	-	468,064
Total net assets	\$ 951,094	\$ -	\$ 951,094

City of Radford, Virginia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds		
	Solid	Communications	
	<u>Waste Fund</u>	<u>Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Sanitation charges	\$ 1,175,488	\$ -	\$ 1,175,488
Total operating revenues	1,175,488	-	1,175,488
OPERATING EXPENSES			
Personnel	448,551	-	448,551
Professional services	96	-	96
Automotive expenses	110,223	-	110,223
Office supplies and expenses	300	-	300
Risk management	10,054	-	10,054
Telecommunications	297	-	297
Repairs and maintenance	445	-	445
Tools	6,527	-	6,527
Uniforms	1,928	-	1,928
Building expenses	4,995	-	4,995
Solid waste services	63,864	-	63,864
Services from other governments	253,450	-	253,450
Payment in lieu of taxes	97,476	-	97,476
Miscellaneous	1,048	-	1,048
Depreciation	78,191	15,000	93,191
Total operating expenses	1,077,445	15,000	1,092,445
Operating income (loss)	98,043	(15,000)	83,043
NONOPERATING REVENUES (EXPENSES)			
Transfers out	-	(9,661)	(9,661)
Change in net assets	98,043	(24,661)	73,382
Total net assets - beginning	853,051	24,661	877,712
Total net assets - ending	\$ 951,094	\$ -	\$ 951,094

City of Radford, Virginia
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds		
	Solid Waste Fund	Communications Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,164,422	\$ -	\$ 1,164,422
Payments to suppliers	(556,770)	(1,134)	(557,904)
Payments to employees	(460,886)	-	(460,886)
Net cash provided (used) by operating activities	146,766	(1,134)	145,632
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(9,661)	(9,661)
Advances to other funds	(17,031)	-	(17,031)
Net cash provided (used) by noncapital financing activities	(17,031)	(9,661)	(26,692)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to capital assets	(233,190)	-	(233,190)
Net cash provided (used) by capital and related financing activities	(233,190)	-	(233,190)
Net increase (decrease) in cash and cash equivalents	(103,455)	(10,795)	(114,250)
Cash and cash equivalents - beginning	462,133	10,795	472,928
Cash and cash equivalents - ending	\$ 358,678	\$ -	\$ 358,678
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 98,043	\$ (15,000)	\$ 83,043
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	78,191	15,000	93,191
(Increase) decrease in accounts receivable	(11,066)	-	(11,066)
(Increase) decrease in prepaid expenses	874	-	874
Increase (decrease) in wages payable	(7,092)	-	(7,092)
Increase (decrease) in operating payables	(6,941)	(1,134)	(8,075)
Increase (decrease) in accrued leave	(5,243)	-	(5,243)
Total adjustments	48,723	13,866	62,589
Net cash provided (used) by operating activities	\$ 146,766	\$ (1,134)	\$ 145,632

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

FIDUCIARY FUNDS - AGENCY FUNDS

Agency Funds - The City acts as an agent for the Special Welfare Fund of the City of Radford Social Services Department.

City of Radford, Virginia
Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2010

	Agency Funds			
	Balance July 1, <u>2009</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2010</u>
ASSETS				
Cash and cash equivalents:				
Special Welfare Fund	\$ 6,145	\$ 63,438	\$ 63,189	\$ 6,394
CSA Regional Program	12,123	8,840	4,203	16,760
Total assets	<u>18,268</u>	<u>72,278</u>	<u>67,392</u>	<u>23,154</u>
LIABILITIES				
Amounts held for others:				
Social services clients	6,145	63,438	63,189	6,394
CSA Regional Program	12,123	8,840	4,203	16,760
Total liabilities	<u>\$ 18,268</u>	<u>\$ 72,278</u>	<u>\$ 67,392</u>	<u>\$ 23,154</u>

SUPPORTING SCHEDULES

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,742,519	\$ 5,742,519	\$ 5,810,812	\$ 68,293
Real and personal public service corporation taxes	168,027	168,027	115,531	(52,496)
Personal property taxes	610,829	610,829	522,941	(87,888)
Mobile home taxes	4,494	4,494	2,799	(1,695)
Machinery and tools taxes	583,596	583,596	399,228	(184,368)
Furniture and fixtures	213,079	213,079	215,381	2,302
Penalties and interest	75,000	75,000	74,440	(560)
Total general property taxes	<u>\$ 7,397,544</u>	<u>\$ 7,397,544</u>	<u>\$ 7,141,132</u>	<u>\$ (256,412)</u>
Other local taxes:				
Local sales and use taxes	\$ 900,000	\$ 900,000	\$ 831,986	\$ (68,014)
Consumers' utility taxes	470,084	470,084	556,629	86,545
Tobacco tax	110,000	110,000	76,863	(33,137)
Business license taxes	400,000	400,000	398,683	(1,317)
Franchise license tax	75,000	75,000	47,997	(27,003)
Motor vehicle licenses	170,000	170,000	185,808	15,808
Bank stock taxes	120,000	120,000	131,980	11,980
Taxes on recordation and wills	85,000	85,000	71,662	(13,338)
Hotel and motel room taxes	150,000	150,000	144,761	(5,239)
Restaurant food taxes	1,017,500	1,003,625	891,213	(112,412)
Total other local taxes	<u>\$ 3,497,584</u>	<u>\$ 3,483,709</u>	<u>\$ 3,337,582</u>	<u>\$ (146,127)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 2,500	\$ 2,500	\$ 4,319	\$ 1,819
Transfer fees	350	350	256	(94)
Zoning fees	2,500	2,500	1,600	(900)
Permits and other licenses	33,700	33,700	31,742	(1,958)
Total permits, privilege fees, and regulatory licenses	<u>\$ 39,050</u>	<u>\$ 39,050</u>	<u>\$ 37,917</u>	<u>\$ (1,133)</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 322,200</u>	<u>\$ 322,200</u>	<u>\$ 195,704</u>	<u>\$ (126,496)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 151,000	\$ 151,000	\$ 10,950	\$ (140,050)
Revenue from use of property	132,541	132,541	129,148	(3,393)
Total revenue from use of money and property	<u>\$ 283,541</u>	<u>\$ 283,541</u>	<u>\$ 140,098</u>	<u>\$ (143,443)</u>

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for law enforcement and traffic control	\$ 26,550	\$ 26,550	\$ 22,295	\$ (4,255)
Charges for courthouse maintenance	7,500	7,500	5,826	(1,674)
Charges for courtroom security	25,000	25,000	32,403	7,403
Charges for Collection fees	8,500	8,500	50,154	41,654
Miscellaneous jail and inmate fees	3,700	3,700	4,196	496
Charges for Commonwealth's Attorney	1,000	1,000	1,204	204
Charges for rescue services	318,500	318,500	439,945	121,445
Animal protection services	2,000	2,000	1,973	(27)
Charges for parks and recreation	111,500	111,500	95,366	(16,134)
Bus tickets	28,000	28,000	26,436	(1,564)
Charges for DMV Registrations	10,000	10,000	14,725	4,725
Other charges for services	2,700	2,700	4,022	1,322
Charges for law library	5,000	5,000	3,516	(1,484)
Charges for library	13,000	13,000	17,553	4,553
Total charges for services	<u>\$ 562,950</u>	<u>\$ 562,950</u>	<u>\$ 719,614</u>	<u>\$ 156,664</u>
Miscellaneous revenue:				
Miscellaneous	\$ 7,400	\$ 212,400	\$ 13,997	\$ (198,403)
Revenue sharing payments - Montgomery	125,000	125,000	140,489	15,489
Revenue sharing payments - Pulaski	48,000	48,000	66,940	18,940
Gifts and donations	11,944	14,444	79,043	64,599
Asset forfeiture proceeds	-	-	1,649	1,649
Payments in lieu of taxes	1,765,113	1,765,113	1,765,114	1
Total miscellaneous revenue	<u>\$ 1,957,457</u>	<u>\$ 2,164,957</u>	<u>\$ 2,067,232</u>	<u>\$ (97,725)</u>
Recovered costs:				
School resource officer	\$ 50,938	\$ 50,938	\$ 50,938	\$ -
Insurance recoveries	-	-	1,962	1,962
Other recovered costs	17,000	17,000	2,760	(14,240)
Total recovered costs	<u>\$ 67,938</u>	<u>\$ 67,938</u>	<u>\$ 55,660</u>	<u>\$ (12,278)</u>
Total revenue from local sources	<u>\$ 14,128,264</u>	<u>\$ 14,321,889</u>	<u>\$ 13,694,939</u>	<u>\$ (626,950)</u>

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling Stock Tax	\$ 21,000	\$ 21,000	\$ 23,348	\$ 2,348
Mobile home titling tax	1,100	1,100	1,101	1
Motor vehicle rental tax	4,000	4,000	8,546	4,546
Communications tax	830,000	830,000	781,215	(48,785)
State tax on deeds	24,111	24,111	25,211	1,100
Personal property tax relief funds	630,746	630,746	625,657	(5,089)
Total noncategorical aid	<u>\$ 1,510,957</u>	<u>\$ 1,510,957</u>	<u>\$ 1,465,078</u>	<u>\$ (45,879)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 273,455	\$ 270,685	\$ 260,886	\$ (9,799)
Sheriff	279,005	280,949	260,150	(20,799)
Commissioner of revenue	83,852	82,610	80,189	(2,421)
Treasurer	100,890	101,701	93,705	(7,996)
Medical examiner	150	150	-	(150)
Registrar/electoral board	48,797	43,710	40,697	(3,013)
Clerk of the Circuit Court	164,720	164,100	182,036	17,936
Total shared expenses	<u>\$ 950,869</u>	<u>\$ 943,905</u>	<u>\$ 917,663</u>	<u>\$ (26,242)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 639,644	\$ 639,644	\$ 505,738	\$ (133,906)
Comprehensive services act	388,496	388,496	512,946	124,450
Assistance to local police departments	536,454	499,278	468,712	(30,566)
VHDA funds	53,000	53,000	48,792	(4,208)
VJCCA funds	13,316	12,629	12,629	-
Library grant	-	135,192	135,192	-
Wireless E-911 payment state grant	41,371	41,371	38,920	(2,451)
Asset forfeiture funds	-	-	612	612
Health Department Grant	-	9,280	1,972	(7,308)
Spay and Neuter Grant	-	-	19	19
Fire program	10,444	10,444	43,753	33,309
4-for-life funds	8,600	8,600	8,794	194
Total other categorical aid	<u>\$ 1,691,325</u>	<u>\$ 1,797,934</u>	<u>\$ 1,778,079</u>	<u>\$ (19,855)</u>
Total categorical aid	<u>\$ 2,642,194</u>	<u>\$ 2,741,839</u>	<u>\$ 2,695,742</u>	<u>\$ (46,097)</u>
Total revenue from the Commonwealth	<u>\$ 4,153,151</u>	<u>\$ 4,252,796</u>	<u>\$ 4,160,820</u>	<u>\$ (91,976)</u>

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental revenues: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
Public assistance and welfare administration	\$ 896,116	\$ 931,116	\$ 659,760	\$ (271,356)
Bulletproof vest grant	-	1,210	1,202	(8)
State homeland security grant	-	-	7,300	7,300
Disaster relief	-	-	21,724	21,724
Justice assistance grant	-	-	10,516	10,516
Total categorical aid	<u>\$ 896,116</u>	<u>\$ 932,326</u>	<u>\$ 700,502</u>	<u>\$ (231,824)</u>
Total revenue from the federal government	<u>\$ 896,116</u>	<u>\$ 932,326</u>	<u>\$ 700,502</u>	<u>\$ (231,824)</u>
Total General Fund	<u>\$ 19,177,531</u>	<u>\$ 19,507,011</u>	<u>\$ 18,556,261</u>	<u>\$ (950,750)</u>
Special Revenue Funds:				
Grants Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 2,370	\$ -	\$ 1,898	\$ 1,898
USTA grant	5,902	-	-	-
Total miscellaneous revenue	<u>\$ 8,272</u>	<u>\$ -</u>	<u>\$ 1,898</u>	<u>\$ 1,898</u>
Total revenue from local sources	<u>\$ 8,272</u>	<u>\$ -</u>	<u>\$ 1,898</u>	<u>\$ 1,898</u>
Revenue from the Commonwealth:				
Categorical aid:				
Crime victim assistance	\$ -	\$ 82,543	\$ 81,396	\$ (1,147)
Crime prevention	-	1,350	1,350	-
Litter control	-	5,125	5,125	-
Virginia tourism	2,500	-	-	-
Traffic flow study	60	-	-	-
Fire program funds	24,276	16,328	16,327	(1)
Health Department	589	-	-	-
Wireless E-911 Funding	186,415	174,950	174,950	-
Total categorical aid	<u>\$ 213,840</u>	<u>\$ 280,296</u>	<u>\$ 279,148</u>	<u>\$ (1,148)</u>
Total revenue from the Commonwealth	<u>\$ 213,840</u>	<u>\$ 280,296</u>	<u>\$ 279,148</u>	<u>\$ (1,148)</u>

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Grants Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Hud entitlement grants	\$ 806,200	\$ 461,723	\$ 269,482	\$ (192,241)
Safe neighborhood grant	42,778	92,724	88,288	(4,436)
Edward Byrne Law Enforcement Grant	57,712	39,038	39,038	-
Homeland security	149,607	81,600	36,971	(44,629)
Terrorism grant	6,788	-	-	-
Community oriented policing	437,060	437,060	33,670	(403,390)
USDA police grants	25,000	-	-	-
State and community highway safety	16,398	35,200	29,850	(5,350)
Total categorical aid	<u>\$ 1,541,543</u>	<u>\$ 1,147,345</u>	<u>\$ 497,299</u>	<u>\$ (650,046)</u>
Total revenue from the federal government	<u>\$ 1,541,543</u>	<u>\$ 1,147,345</u>	<u>\$ 497,299</u>	<u>\$ (650,046)</u>
Total Grants Fund	<u>\$ 1,763,655</u>	<u>\$ 1,427,641</u>	<u>\$ 778,345</u>	<u>\$ (649,296)</u>
Highway Maintenance Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Charges for services:				
Charges for street maintenance	\$ 10,000	\$ 10,000	\$ 3,041	\$ (6,959)
Right of way fees	37,000	37,000	45,162	8,162
Total charges for services	<u>\$ 47,000</u>	<u>\$ 47,000</u>	<u>\$ 48,203</u>	<u>\$ 1,203</u>
Total revenue from local sources	<u>\$ 48,000</u>	<u>\$ 48,000</u>	<u>\$ 48,203</u>	<u>\$ 203</u>
Revenue from the Commonwealth:				
Categorical aid:				
Highway maintenance funds	<u>\$ 1,717,819</u>	<u>\$ 1,717,819</u>	<u>\$ 1,769,979</u>	<u>\$ 52,160</u>
Total revenue from the Commonwealth	<u>\$ 1,717,819</u>	<u>\$ 1,717,819</u>	<u>\$ 1,769,979</u>	<u>\$ 52,160</u>
Revenue from the federal government:				
Categorical aid:				
Disaster relief	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,724</u>	<u>\$ 21,724</u>
Total revenue from the federal government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,724</u>	<u>\$ 21,724</u>
Total Highway Maintenance Fund	<u>\$ 1,765,819</u>	<u>\$ 1,765,819</u>	<u>\$ 1,839,906</u>	<u>\$ 74,087</u>

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
City Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3,829	\$ 3,829
Miscellaneous revenue:				
Miscellaneous	\$ 281,895	\$ 50,000	\$ -	\$ (50,000)
Grants	110,000	-	-	-
Total miscellaneous revenue	\$ 391,895	\$ 50,000	\$ -	\$ (50,000)
Revenue from the Commonwealth:				
Categorical aid:				
Literary loan subsidy	\$ 147,000	\$ -	\$ -	\$ -
Construction grants	12,195	-	-	-
Total categorical aid	\$ 159,195	\$ -	\$ -	\$ -
Total revenue from the Commonwealth	\$ 159,195	\$ -	\$ -	\$ -
Revenue from the federal government:				
Categorical aid:				
American recovery grant	\$ 1,803,092	\$ 1,803,092	\$ -	\$ (1,803,092)
TEA 21 grant	429,400	-	-	-
Total categorical aid	\$ 2,232,492	\$ 1,803,092	\$ -	\$ (1,803,092)
Total revenue from the federal government	\$ 2,232,492	\$ 1,803,092	\$ -	\$ (1,803,092)
Total City Capital Projects Fund	\$ 2,783,582	\$ 1,853,092	\$ 3,829	\$ (1,849,263)
Total Primary Government	\$ 25,490,587	\$ 24,553,563	\$ 21,178,341	\$ (3,375,222)

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
City Council	\$ 134,433	\$ 56,840	\$ 56,689	\$ 151
General and financial administration:				
City Clerk	\$ 31,358	\$ 26,342	\$ 25,587	\$ 755
City Manager	451,665	384,636	383,095	1,541
Commissioner of revenue	155,878	158,758	158,333	425
Assessor	3,000	3,000	2,986	14
Billing and service	254,684	268,227	255,829	12,398
Treasurer	308,075	316,268	307,556	8,712
Legal services	40,000	83,806	58,806	25,000
Management information system	-	4,350	-	4,350
Human resources	88,508	93,874	93,873	1
Independent auditor	40,000	39,675	36,750	2,925
Information technology	427,011	441,503	439,944	1,559
Finance	272,022	229,273	229,271	2
Total general and financial administration	\$ 2,072,201	\$ 2,049,712	\$ 1,992,030	\$ 57,682
Board of elections:				
Electoral board and officials	\$ 26,225	\$ 26,225	\$ 23,931	\$ 2,294
Registrar	70,825	70,320	69,107	1,213
Total board of elections	\$ 97,050	\$ 96,545	\$ 93,038	\$ 3,507
Total general government administration	\$ 2,303,684	\$ 2,203,097	\$ 2,141,757	\$ 61,340
Judicial administration:				
Courts:				
Circuit court	\$ 51,090	\$ 51,049	\$ 50,262	\$ 787
General district court	27,300	27,300	21,522	5,778
Sheriff	447,754	475,454	462,672	12,782
Law library	7,690	7,690	5,652	2,038
Clerk of the circuit court	262,297	264,978	256,672	8,306
Total courts	\$ 796,131	\$ 826,471	\$ 796,780	\$ 29,691
Commonwealth's attorney:				
Commonwealth's attorney	\$ 337,164	\$ 343,335	\$ 328,957	\$ 14,378
Total judicial administration	\$ 1,133,295	\$ 1,169,806	\$ 1,125,737	\$ 44,069
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,886,080	\$ 2,886,742	\$ 2,871,232	\$ 15,510

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

Schedule 2
Page 2 of 6

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 745,080	\$ 763,981	\$ 714,379	\$ 49,602
Ambulance and rescue services	708,925	724,578	724,468	110
Total fire and rescue services	<u>\$ 1,454,005</u>	<u>\$ 1,488,559</u>	<u>\$ 1,438,847</u>	<u>\$ 49,712</u>
Correction and detention:				
Regional jail	\$ 693,360	\$ 693,360	\$ 655,203	\$ 38,157
Juvenile corrections	86,191	86,626	86,626	-
Total correction and detention	<u>\$ 779,551</u>	<u>\$ 779,986</u>	<u>\$ 741,829</u>	<u>\$ 38,157</u>
Inspections:				
Building inspector	\$ 92,899	\$ 93,630	\$ 91,697	\$ 1,933
Code enforcement	61,511	65,461	60,532	4,929
Total inspections	<u>\$ 154,410</u>	<u>\$ 159,091</u>	<u>\$ 152,229</u>	<u>\$ 6,862</u>
Other protection:				
Animal control	\$ 115,965	\$ 97,873	\$ 97,872	\$ 1
Medical examiner	150	150	80	70
E-911 system	440,271	443,612	443,611	1
GIS mapping	62,167	65,568	65,568	-
Total other protection	<u>\$ 618,553</u>	<u>\$ 607,203</u>	<u>\$ 607,131</u>	<u>\$ 72</u>
Total public safety	<u>\$ 5,892,599</u>	<u>\$ 5,921,581</u>	<u>\$ 5,811,268</u>	<u>\$ 110,313</u>
Public works:				
Sanitation and waste removal:				
Engineering	<u>\$ 161,517</u>	<u>\$ 161,410</u>	<u>\$ 153,151</u>	<u>\$ 8,259</u>
Maintenance of general buildings and grounds:				
General properties	<u>\$ 602,909</u>	<u>\$ 598,714</u>	<u>\$ 584,809</u>	<u>\$ 13,905</u>
Total public works	<u>\$ 764,426</u>	<u>\$ 760,124</u>	<u>\$ 737,960</u>	<u>\$ 22,164</u>
Health and welfare:				
Health:				
Supplement of local health department	<u>\$ 72,080</u>	<u>\$ 72,080</u>	<u>\$ 72,080</u>	<u>\$ -</u>
Mental health and mental retardation:				
Mental health services	<u>\$ 39,289</u>	<u>\$ 39,289</u>	<u>\$ 39,289</u>	<u>\$ -</u>
Health agencies	5,853	5,853	5,853	-
Total mental health and mental retardation	<u>\$ 45,142</u>	<u>\$ 45,142</u>	<u>\$ 45,142</u>	<u>\$ -</u>

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Welfare administration and programs	\$ 1,728,692	\$ 1,708,780	\$ 1,352,106	\$ 356,674
Comprehensive services act	524,432	674,076	674,075	1
Property tax relief for the elderly	58,000	59,963	59,962	1
Social service agencies	72,310	72,310	72,310	-
Total welfare	<u>\$ 2,383,434</u>	<u>\$ 2,515,129</u>	<u>\$ 2,158,453</u>	<u>\$ 356,676</u>
Total health and welfare	<u>\$ 2,500,656</u>	<u>\$ 2,632,351</u>	<u>\$ 2,275,675</u>	<u>\$ 356,676</u>
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 6,453	\$ 6,453	\$ 6,453	\$ -
School bus operations	52,071	39,615	39,615	-
Contribution to City School Board	5,413,933	5,413,933	5,158,464	255,469
Total education	<u>\$ 5,472,457</u>	<u>\$ 5,460,001</u>	<u>\$ 5,204,532</u>	<u>\$ 255,469</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 534,873	\$ 540,894	\$ 539,496	\$ 1,398
Maintenance of parks	159,515	162,237	161,843	394
Recreation center and playgrounds	419,660	478,024	477,368	656
Total parks and recreation	<u>\$ 1,114,048</u>	<u>\$ 1,181,155</u>	<u>\$ 1,178,707</u>	<u>\$ 2,448</u>
Cultural enrichment:				
Glencoe museum	\$ 19,690	\$ 21,236	\$ 21,236	\$ -
Library:				
Library expenses	<u>\$ 537,747</u>	<u>\$ 675,417</u>	<u>\$ 657,813</u>	<u>\$ 17,604</u>
Total parks, recreation, and cultural	<u>\$ 1,671,485</u>	<u>\$ 1,877,808</u>	<u>\$ 1,857,756</u>	<u>\$ 20,052</u>
Community development:				
Planning and community development:				
Planning	\$ 47,510	\$ 47,671	\$ 46,002	\$ 1,669
Community development	138,387	148,387	147,297	1,090
Zoning board	600	600	-	600
Tourism	51,539	84,450	79,159	5,291
Economic development	66,737	67,997	67,998	(1)
VHDA program	59,781	59,745	59,744	1
Total planning and community development	<u>\$ 364,554</u>	<u>\$ 408,850</u>	<u>\$ 400,200</u>	<u>\$ 8,650</u>
Total community development	<u>\$ 364,554</u>	<u>\$ 408,850</u>	<u>\$ 400,200</u>	<u>\$ 8,650</u>

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2010

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 809,064	\$ 809,064	\$ 819,987	\$ (10,923)
Interest and other fiscal charges	828,680	828,680	817,932	10,748
Total debt service	<u>\$ 1,637,744</u>	<u>\$ 1,637,744</u>	<u>\$ 1,637,919</u>	<u>\$ (175)</u>
 Total General Fund	 <u>\$ 21,740,900</u>	 <u>\$ 22,071,362</u>	 <u>\$ 21,192,804</u>	 <u>\$ 878,558</u>
Non Major Special Revenue Funds:				
Grants Fund:				
Public safety:				
Law enforcement and traffic control:				
Victim witness assistance	\$ 172	\$ 82,543	\$ 81,395	\$ 1,148
Safe neighborhood grant	42,980	92,724	88,289	4,435
Impaired driver and speed enforcement	23,878	42,240	35,018	7,222
Police department	511,865	476,751	72,958	403,793
Citizens Alerting System	34,475	34,475	15,000	19,475
Communications	197,006	185,541	186,021	(480)
Traffic flow study	-	1,955	-	1,955
Gang investigation grant	9,792	-	-	-
Sheriff	-	1,642	1,641	1
Homeland security	29,392	-	-	-
Terrorism prevention	6,788	-	-	-
Total law enforcement and traffic control	<u>\$ 856,348</u>	<u>\$ 917,871</u>	<u>\$ 480,322</u>	<u>\$ 437,549</u>
 Fire and rescue services:				
Assistance to firefighters 2008	\$ 22,709	\$ 16,328	\$ 16,328	\$ -
Fire department	61,600	31,600	6,408	25,192
Assistance to firefighters 2005	1,567	-	-	-
Total fire and rescue services	<u>\$ 85,876</u>	<u>\$ 47,928</u>	<u>\$ 22,736</u>	<u>\$ 25,192</u>
 Total public safety	 <u>\$ 942,224</u>	 <u>\$ 965,799</u>	 <u>\$ 503,058</u>	 <u>\$ 462,741</u>
Public Works:				
Maintenance of general buildings and grounds:				
Litter control	\$ 6,508	\$ 5,125	\$ 4,627	\$ 498
Health and welfare:				
Welfare:				
Energy assistance program	\$ -	\$ 3,422	\$ 2,807	\$ 615
Miscellaneous social services	500	-	-	-
Total welfare	<u>\$ 500</u>	<u>\$ 3,422</u>	<u>\$ 2,807</u>	<u>\$ 615</u>
 Total health and welfare	 <u>\$ 500</u>	 <u>\$ 3,422</u>	 <u>\$ 2,807</u>	 <u>\$ 615</u>

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2010

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Non Major Special Revenue Funds: (Continued)				
Grants Fund: (Continued)				
Parks, recreation and cultural:				
Parks and recreation:				
Bikeway/walkway grant	\$ -	\$ 37,220	\$ -	\$ 37,220
Supervision parks and recreation	3,902	-	-	-
Arnheim house	5,000	-	-	-
Wildwood park grant	644	644	-	644
Total parks and recreation	<u>\$ 9,546</u>	<u>\$ 37,864</u>	<u>\$ -</u>	<u>\$ 37,864</u>
Library:				
Library administration	\$ 1,552	\$ -	\$ -	\$ -
Total parks, recreation and cultural	<u>\$ 11,098</u>	<u>\$ 37,864</u>	<u>\$ -</u>	<u>\$ 37,864</u>
Community development:				
Planning and community development:				
Tourism	\$ 2,500	\$ -	\$ -	\$ -
Forestry	750	750	-	750
Economic development	23,400	23,400	-	23,400
CDBG programs	12,652	-	-	-
HUD grant expenditures	778,114	440,243	269,936	170,307
Neighborhood beautification	77,516	-	-	-
Clearance and demolition	2,065	-	-	-
Infrastructure improvements	45,000	-	-	-
Total planning and community development	<u>\$ 941,997</u>	<u>\$ 464,393</u>	<u>\$ 269,936</u>	<u>\$ 194,457</u>
Total community development	<u>\$ 941,997</u>	<u>\$ 464,393</u>	<u>\$ 269,936</u>	<u>\$ 194,457</u>
Total Grants Fund	<u>\$ 1,902,327</u>	<u>\$ 1,476,603</u>	<u>\$ 780,428</u>	<u>\$ 696,175</u>
Highway Maintenance Fund:				
Public works:				
Maintenance of streets, highways and bridges:				
General administration	\$ 143,407	\$ 146,107	\$ 150,149	\$ (4,042)
Highway maintenance and repairs - state	1,540,663	1,565,328	1,560,445	4,883
Highway maintenance and repairs - local	101,922	101,922	100,308	1,614
Street lights	50,000	50,000	59,777	(9,777)
Snow and ice removal	33,300	54,700	52,631	2,069
Storm drainage	8,500	8,500	6,664	1,836
Total maintenance of streets, highways, and bridges	<u>\$ 1,877,792</u>	<u>\$ 1,926,557</u>	<u>\$ 1,929,974</u>	<u>\$ (3,417)</u>
Total Highway Maintenance Fund	<u>\$ 1,877,792</u>	<u>\$ 1,926,557</u>	<u>\$ 1,929,974</u>	<u>\$ (3,417)</u>

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2010

Schedule 2
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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
City Capital Projects Fund:				
Education				
Contribution to City School Board	\$ -	\$ -	\$ 3,313,907	\$ (3,313,907)
Capital Projects:				
Accounting system	\$ 166,382	\$ 76,317	\$ 6,469	\$ 69,848
Traffic Engineering	150,000	150,000	-	150,000
Public Safety Building	6,059,230	6,150,185	1,661,986	4,488,199
Library addition	840,300	-	-	-
Second Avenue Improvements	50,000	103,161	55,616	47,545
Water System Improvements	2,303,092	2,303,092	-	2,303,092
Memorial Bridge Replacement	174,754	-	-	-
Park Road/Tyler Avenue	15,000	3,490	581	2,909
Road improvements	300,000	-	-	-
Storm drainage projects	24,699	30,000	-	30,000
Wayfinder project	9,869	-	-	-
Riverfront development	7,988	-	-	-
Park and recreation improvements	355,000	12,532	-	12,532
Wildwood Park Entrance	150,000	-	-	-
Multipurpose fields	200,000	200,000	-	200,000
Main street enhancements	204,906	76,279	2,591	73,688
Municipal building upgrades	24,380	1,664	-	1,664
Radford electronic sign	58,260	-	-	-
Industrial Center loop	150,000	-	-	-
Pathway extension	1,222	-	-	-
Total capital projects	<u>\$ 11,245,082</u>	<u>\$ 9,106,720</u>	<u>\$ 1,727,243</u>	<u>\$ 7,379,477</u>
Total Capital Projects Fund	<u>\$ 11,245,082</u>	<u>\$ 9,106,720</u>	<u>\$ 5,041,150</u>	<u>\$ 4,065,570</u>
Total Primary Government	<u>\$ 36,766,101</u>	<u>\$ 34,581,242</u>	<u>\$ 28,944,356</u>	<u>\$ 5,636,886</u>

OTHER STATISTICAL INFORMATION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	
These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.	81
Revenue Capacity	
These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	89
Debt Capacity	
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.	93

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

Table 1

CITY OF RADFORD, VIRGINIA
Net Assets by Component
Last Seven Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Governmental activities							
Invested in capital assets, net of related debt	\$ 43,807,253	\$ 44,663,347	\$ 43,781,921	\$ 42,433,941	\$ 41,450,815	\$ 41,059,783	\$ 41,472,798
Restricted	-	-	1,685,598	1,009,830	1,062,107	3,661,446	509,733
Unrestricted	8,692,182	7,336,310	6,883,870	7,065,810	7,815,581	7,150,443	6,210,599
Total governmental activities net assets	\$ 52,499,435	\$ 51,999,657	\$ 52,351,389	\$ 50,509,581	\$ 50,328,503	\$ 51,871,672	\$ 48,193,130
Business-type activities							
Invested in capital assets, net of related debt	\$ 14,720,065	\$ 14,728,216	\$ 16,175,798	\$ 16,843,671	\$ 16,103,927	\$ 15,087,089	\$ 15,534,890
Restricted	-	-	-	-	-	-	-
Unrestricted	15,962,103	14,300,902	12,029,539	11,584,577	10,019,591	8,487,728	7,354,066
Total business-type activities net assets	\$ 30,682,168	\$ 29,029,118	\$ 28,205,337	\$ 28,428,248	\$ 26,123,518	\$ 23,574,817	\$ 22,888,956
Primary government							
Invested in capital assets, net of related debt	\$ 58,527,318	\$ 59,391,563	\$ 59,957,719	\$ 59,277,612	\$ 57,554,742	\$ 56,146,872	\$ 57,007,688
Restricted	-	-	1,685,598	1,009,830	1,062,107	3,661,446	509,733
Unrestricted	24,654,285	21,637,212	18,913,409	18,650,387	17,835,172	15,638,171	13,564,665
Total primary government net assets	\$ 83,181,603	\$ 81,028,775	\$ 80,556,726	\$ 78,937,829	\$ 76,452,021	\$ 75,446,489	\$ 71,082,086

(1) Information only available for the last 7 years

CITY OF RADFORD, VIRGINIA
Changes in Net Assets
Last Seven Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
General government	\$ 1,372,022	\$ 1,623,166	\$ 1,945,248	\$ 2,360,446	\$ 2,318,049	\$ 2,378,072	\$ 2,288,017
Judicial administration	973,938	1,075,179	573,620	644,504	633,173	1,183,737	1,155,145
Public safety	4,680,184	4,742,489	5,520,190	5,991,991	6,173,244	5,930,185	6,387,807
Public works	4,315,976	4,153,349	3,961,164	4,084,908	4,137,294	4,055,643	3,319,506
Health and welfare	1,847,742	1,777,103	1,882,803	1,970,492	1,944,040	2,025,890	2,291,061
Education	5,551,742	5,180,623	5,407,165	5,202,606	4,545,629	5,226,904	8,334,559
Parks, recreation and cultural	1,756,193	1,798,586	1,633,402	1,994,060	2,065,662	2,155,156	2,163,466
Community development	521,674	624,028	682,569	409,533	633,057	691,360	669,451
Interest on long-term debt	124,503	150,448	146,425	147,438	329,475	274,934	771,041
Total governmental activities expenses	\$ 21,143,974	\$ 21,124,971	\$ 21,752,586	\$ 22,805,978	\$ 22,779,623	\$ 23,921,881	\$ 27,380,053
Business-type activities:							
Water, sewer and electric	\$ 17,674,579	\$ 18,006,466	\$ 23,263,810	\$ 22,812,759	\$ 25,218,048	\$ 23,105,211	\$ 22,800,818
Total primary government expenses	\$ 38,818,553	\$ 39,131,437	\$ 45,016,396	\$ 45,618,737	\$ 47,997,671	\$ 47,027,092	\$ 50,180,871
Program Revenues							
Governmental activities:							
Charges for services:							
General government administration	\$ 1,058,798	\$ 1,329,804	\$ 7,177	\$ 58,932	\$ 48,451	\$ 22,399	\$ 18,747
Judicial administration	-	-	222,413	260,657	285,218	344,345	250,380
Public safety	94,082	120,966	221,980	100,777	192,931	81,143	518,563
Public works	-	-	64,424	39,898	81,847	53,824	91,946
Parks, recreation and cultural	-	-	130,180	121,197	96,481	132,350	121,802
Community development	-	-	-	7,029	-	-	-
Operating grants and contributions	5,892,877	4,886,597	5,606,816	5,223,351	5,427,508	5,610,577	5,964,394
Capital grants and contributions	16,481,772	-	70,000	-	-	1,573,485	-
Total governmental activities program revenues	\$ 23,527,529	\$ 6,337,367	\$ 6,322,990	\$ 5,811,841	\$ 6,132,436	\$ 7,818,123	\$ 6,965,832
Business-type activities:							
Charges for services:							
Water, sewer and electric	\$ 19,659,884	\$ 18,632,716	\$ 24,096,263	\$ 24,560,742	\$ 25,415,487	\$ 23,975,402	\$ 24,164,804
Operating grants and contributions	58,350	-	-	-	-	-	-
Capital grants and contributions	-	-	-	24,000	-	-	302,236
Total business-type activities program revenues	\$ 19,718,234	\$ 18,632,716	\$ 24,096,263	\$ 24,584,742	\$ 25,415,487	\$ 23,975,402	\$ 24,467,040
Total primary government program revenues	\$ 43,245,763	\$ 24,970,083	\$ 30,419,253	\$ 30,396,583	\$ 31,547,923	\$ 31,793,525	\$ 31,432,872

CITY OF RADFORD, VIRGINIA
Changes in Net Assets
Last Seven Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
Net (expense) / revenue						
Governmental activities	\$ 2,383,555	\$ (14,787,604)	\$ (15,429,596)	\$ (16,994,137)	\$ (16,647,187)	\$ (16,103,758)
Business-type activities	2,043,655	626,250	832,453	1,771,983	197,439	870,191
Total primary government net (expense)/revenue	\$ 4,427,210	\$ (14,161,354)	\$ (14,597,143)	\$ (15,222,154)	\$ (16,449,748)	\$ (15,233,567)
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 6,174,376	\$ 6,408,134	\$ 6,430,299	\$ 6,314,847	\$ 6,449,758	\$ 7,062,754
Local sales and use taxes	750,107	813,065	965,875	975,485	556,671	868,943
Restaurant food taxes	672,466	735,982	793,819	817,395	875,065	884,160
Motor vehicle taxes	169,959	174,864	175,151	175,935	9,165	178,489
Consumers' utility taxes	1,010,437	1,012,815	945,106	774,046	577,377	553,552
Communications taxes	-	-	-	-	856,242	777,974
Business license taxes	327,250	351,235	374,131	381,208	403,624	423,557
Other local taxes	834,807	1,085,415	950,047	1,094,144	528,469	548,750
Payments in lieu of taxes	1,658,840	2,005,827	1,509,949	1,849,123	1,785,303	1,843,822
Unrestricted grants and contributions	696,841	717,899	761,835	734,481	679,593	685,764
Unrestricted revenues from use of money and property	163,184	261,285	391,265	525,636	682,758	460,751
Miscellaneous	135,615	152,875	267,854	253,721	299,910	411,416
Gain (Loss) on disposal of capital assets	-	-	(5,985)	-	(17,429)	7,660
Transfers	1,264,734	2,452,773	2,131,814	2,113,763	2,779,603	2,939,335
Total governmental activities	\$ 13,858,616	\$ 16,172,169	\$ 15,691,160	\$ 16,009,784	\$ 16,466,109	\$ 17,646,927
General Revenues and Other Changes in Net Assets (Continued)						
Business-type activities:						
Unrestricted revenues from use of money and property	\$ 85,238	\$ 173,473	\$ 475,580	\$ 564,691	\$ 277,434	\$ 75,504
Special items	-	-	-	-	-	(555,061)
Transfers	(1,264,734)	(2,452,773)	(2,131,814)	(2,113,763)	(2,779,603)	(2,939,335)
Total business-type activities	\$ (1,179,496)	\$ (2,279,300)	\$ (1,656,234)	\$ (1,549,072)	\$ (2,502,169)	\$ (3,418,892)
Total primary government	\$ 12,679,120	\$ 13,892,869	\$ 14,034,926	\$ 14,460,712	\$ 13,963,940	\$ 14,228,035
						\$ (18,747,999)

CITY OF RADFORD, VIRGINIA
Changes in Net Assets
Last Seven Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Change in Net Assets							
Governmental activities	\$ 16,242,171	\$ 1,384,565	\$ 261,564	\$ (984,353)	\$ (181,078)	\$ 1,543,169	\$ (3,678,542)
Business-type activities	864,159	(1,653,050)	(823,781)	222,911	(2,304,730)	(2,548,701)	(685,861)
Total primary government	<u>\$ 17,106,330</u>	<u>\$ (268,485)</u>	<u>\$ (562,217)</u>	<u>\$ (761,442)</u>	<u>\$ (2,485,808)</u>	<u>\$ (1,005,532)</u>	<u>\$ (4,364,403)</u>

(1) Information only available for the last 7 years

CITY OF RADFORD, VIRGINIA
Governmental Activities Tax Revenues by Source
Last Seven Fiscal Years (1)
(accrual basis of accounting)

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Restaurant Food Tax	Business License Tax	Other Local Taxes	Total
2010	\$ 7,234,689	\$ 831,986	\$ 556,629	\$ 185,808	\$ 891,213	\$ 398,683	\$ 473,263	\$ 10,572,271
2009	7,062,754	868,943	553,552	178,489	884,160	423,557	548,750	10,520,205
2008	6,412,871	556,671	577,377	9,165	875,065	403,624	528,469	9,363,242
2007	6,314,847	975,485	774,046	175,935	817,395	381,208	1,094,144	10,533,060
2006	6,430,299	965,875	945,106	175,151	793,819	374,131	950,047	10,634,428
2005	6,408,134	813,065	1,012,815	174,864	735,982	351,235	1,085,415	10,581,510
2004	6,174,376	750,107	1,010,437	169,959	672,466	327,250	834,807	9,939,402

(1) Information only available for the last 7 years

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

Table 4

CITY OF RADFORD, VIRGINIA
Fund Balances of Governmental Funds
Last Seven Fiscal Years (1)
(modified accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
General fund							
Reserved	\$ 1,090,171	\$ 745,993	\$ 995,721	\$ 951,942	\$ 942,554	\$ 315,938	\$ 474,302
Unreserved	2,804,426	4,043,768	5,127,134	5,044,842	5,871,156	5,548,378	5,008,887
Total general fund	<u>\$ 3,894,597</u>	<u>\$ 4,789,761</u>	<u>\$ 6,122,855</u>	<u>\$ 5,996,784</u>	<u>\$ 6,813,710</u>	<u>\$ 5,864,316</u>	<u>\$ 5,483,189</u>
All other governmental funds							
Reserved	\$ 1,996,941	\$ 1,118,193	\$ 689,877	\$ 57,888	\$ 14,832,676	\$ 3,345,508	\$ 35,431
Unreserved, reported in:							
Special revenue funds	680,842	714,686	403,544	712,425	161,187	380,649	405,161
Capital projects funds	1,062,093	1,514,872	1,299,892	1,321,000	995,198	1,462,206	930,892
Total all other governmental funds	<u>\$ 3,739,876</u>	<u>\$ 3,347,751</u>	<u>\$ 2,393,313</u>	<u>\$ 2,091,313</u>	<u>\$ 15,989,061</u>	<u>\$ 5,188,363</u>	<u>\$ 1,371,484</u>

(1) Information only available for the last 7 years

CITY OF RADFORD, VIRGINIA
Changes in Fund Balances of Governmental Funds
Last Seven Fiscal Years (1)
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
Revenues							
General property taxes	\$ 6,077,108	\$ 6,259,607	\$ 6,286,313	\$ 6,348,319	\$ 6,412,871	\$ 7,012,100	\$ 7,141,132
Other local taxes	3,765,026	4,173,376	4,204,129	4,218,213	3,806,613	4,235,425	3,337,582
Permits, privilege fees and regulatory licenses	18,669	16,706	35,670	52,901	36,706	20,985	37,917
Fines and forfeitures	94,082	120,966	214,933	255,274	279,394	261,418	195,704
Revenue from use of money and property	163,184	254,888	401,149	525,636	682,758	460,751	143,927
Charges for services	327,467	454,525	395,571	280,315	388,828	351,658	767,817
Miscellaneous	1,719,247	2,127,196	1,777,803	2,102,844	2,128,360	2,255,238	2,069,130
Recovered costs	-	-	37,752	35,406	57,465	100,376	55,660
Intergovernmental:							
Commonwealth	5,376,354	5,195,809	5,085,311	5,060,611	5,164,626	6,845,977	6,209,947
Federal	1,269,903	423,487	1,353,340	897,221	942,475	1,023,849	1,219,525
Total revenues	\$ 18,811,040	\$ 19,026,560	\$ 19,791,971	\$ 19,776,740	\$ 19,900,096	\$ 22,567,777	\$ 21,178,341
Expenditures							
General government administration	\$ 1,690,272	\$ 1,541,620	\$ 1,987,141	\$ 2,093,512	\$ 2,203,116	\$ 2,289,018	\$ 2,141,757
Judicial administration	936,641	1,032,956	556,137	713,455	661,831	1,178,428	1,125,737
Public safety	4,488,778	4,207,220	5,547,830	6,010,285	6,021,053	6,767,752	6,314,326
Public works	2,601,901	2,452,558	2,599,204	2,852,697	2,834,267	2,900,711	2,672,561
Health and welfare	1,839,950	1,766,903	1,823,156	1,976,883	1,939,683	2,038,092	2,278,482
Education	5,262,913	5,180,623	5,004,055	5,185,634	7,038,821	16,192,846	8,518,439
Parks, recreation and cultural	1,484,951	1,468,947	1,657,571	1,739,036	1,775,060	1,856,042	1,857,756
Community development	1,617,066	772,577	677,889	404,312	635,677	691,469	670,136
Capital projects	752,524	2,282,705	1,431,006	863,249	722,764	1,279,040	1,727,243
Debt service:							
Principal retirement	202,360	389,135	333,844	339,002	349,521	7,902,282	819,987
Bond issuance cost	16,707	-	-	-	11,780	-	-
Interest and other fiscal charges	144,907	156,050	144,972	140,509	129,629	126,456	817,932
Total expenditures	\$ 21,038,970	\$ 21,251,294	\$ 21,762,805	\$ 22,318,574	\$ 24,323,202	\$ 43,222,136	\$ 28,944,356
Excess of revenues over (under) expenditures	\$ (2,227,930)	\$ (2,224,734)	\$ (1,970,834)	\$ (2,541,834)	\$ (4,423,106)	\$ (20,654,359)	\$ (7,766,015)

CITY OF RADFORD, VIRGINIA
Changes in Fund Balances of Governmental Funds
Last Seven Fiscal Years (1)
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
Other financing sources (uses)							
Transfers in	\$ 1,622,069	\$ 2,840,545	\$ 2,534,769	\$ 3,404,099	\$ 3,674,085	\$ 3,951,150	\$ 2,860,859
Transfers out	(304,835)	(262,772)	(402,955)	(1,290,336)	(894,482)	(1,012,193)	(503,469)
Issuance of general obligation bonds	1,555,000	-	-	-	15,910,378	5,926,515	1,082,736
Refunding bonds issued	2,206,455	-	-	-	-	-	-
Payments on refunding of bonds	(2,280,934)	-	-	-	-	-	-
Capital leases	-	-	-	-	447,800	13,838	-
Sale of capital assets	-	-	-	-	-	24,957	127,883
Total other financing sources (uses)	\$ 2,797,755	\$ 2,577,773	\$ 2,131,814	\$ 2,113,763	\$ 19,137,781	\$ 8,904,267	\$ 3,568,009
Net change in fund balances	\$ 569,825	\$ 353,039	\$ 160,980	\$ (428,071)	\$ 14,714,675	\$ (11,750,092)	\$ (4,198,006)
Debt service as a percentage of noncapital expenditures	1.71%	2.87%	2.36%	2.23%	2.03%	19.14%	6.02%

(1) Information only available for the last 7 years

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 Vehicle License Tax	Restaurant Food Tax	Business License Tax	Other Local Taxes	Total	Percentage Change from Prior Year
2010	\$ 7,141,132	\$ 831,986	\$ 556,629	\$ 185,808	\$ 891,213	\$ 398,683	\$ 473,263	\$ 10,478,714	0.09%
2009	7,012,100	868,943	553,552	178,489	884,160	423,557	548,750	10,469,551	11.82%
2008	6,412,871	556,671	577,377	9,165	875,065	403,624	528,469	9,363,242	-11.39%
2007	6,348,319	975,485	774,046	175,935	817,395	381,208	1,094,144	10,566,532	0.73%
2006	6,286,313	965,875	945,106	175,151	793,819	374,131	950,047	10,490,442	0.55%
2005	6,259,607	813,065	1,012,815	174,864	735,982	351,235	1,085,415	10,432,983	6.00%
2004	6,077,108	750,107	1,010,437	169,959	672,466	327,250	834,807	9,842,134	9.10%
2003	5,525,086	761,830	992,253	171,037	557,575	305,908	707,673	9,021,362	5.04%
2002	5,127,085	816,814	943,449	163,919	541,013	344,276	652,140	8,588,696	4.69%
2001	5,069,801	751,610	828,560	166,787	535,215	330,491	521,164	8,203,628	3.87%

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

Table 7

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

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2010	\$ 780,509,940	\$ 47,670,845	\$ 579,471	\$ 35,629,683	\$ 19,423,669	\$ 883,813,608	\$ 883,813,608	100.00%
2009	785,296,540	53,562,342	576,215	45,265,604	15,757,184	900,457,885	900,457,885	100.00%
2008	718,790,240	51,680,310	812,966	45,975,680	16,701,061	833,960,257	833,960,257	100.00%
2007	651,350,340	52,306,524	841,554	42,103,216	17,883,260	764,484,894	764,484,894	100.00%
2006	646,978,740	50,411,878	819,150	43,067,600	19,380,191	760,657,559	760,657,559	100.00%
2005	639,553,745	46,498,898	819,156	49,309,000	22,287,508	758,468,307	758,468,307	100.00%
2004	578,281,745	50,421,721	968,870	50,298,125	21,050,924	701,021,385	701,021,385	100.00%
2003	518,723,480	49,589,020	986,020	50,340,000	20,230,442	639,868,962	639,868,962	100.00%
2002	510,992,410	52,323,472	1,252,385	48,424,665	18,676,520	631,669,452	631,669,452	100.00%
2001	508,011,630	50,222,991	953,280	45,758,600	22,533,075	627,479,576	627,479,576	100.00%

Source: Commissioner of Revenue

Table 8

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
2010(3)	\$0.73-0.76	\$ 2.44	\$0.73-0.76	\$ 1.76
2009(2)	0.64-0.73	2.44	0.64-0.73	1.76
2008	0.63	2.44	0.63	1.76
2007	0.73	2.44	0.73	1.76
2006	0.73	2.44	0.73	1.76
2005	0.73	2.44	0.73	1.76
2004	0.70	2.44	0.70	1.76
2003	0.80	2.44	0.80	1.76
2002	0.72	2.14	0.72	1.76
2001	0.70	2.14	0.70	1.76

(1) Per \$100 of assessed value

(2) In Fiscal Year 2009 the tax rate increased \$0.09 between billing 2nd half of 2008 and 1st half of 2009.

(3) In Fiscal Year 2010 the tax rate increased \$0.03 between billing 2nd half of 2009 and 1st half of 2010.

Table 9

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 7,698,150	\$ 7,599,999	98.73%	\$ 92,350	\$ 7,692,349	99.92%
2009	7,668,216	7,502,632	97.84%	61,443	7,564,075	98.64%
2008	7,097,736	6,825,946	96.17%	108,377	6,934,323	97.70%
2007	6,930,573	6,830,912	98.56%	59,213	6,890,125	99.42%
2006	6,909,447	6,736,261	97.49%	35,614	6,771,875	98.01%
2005	6,547,030	6,538,966	99.88%	73,985	6,612,951	101.01%
2004	6,474,998	6,387,779	98.65%	62,405	6,450,184	99.62%
2003	5,896,155	5,761,795	97.72%	124,654	5,886,449	99.84%
2002	5,709,810	5,496,167	96.26%	141,884	5,638,051	98.74%
2001	5,347,769	5,207,593	97.38%	130,037	5,337,630	99.81%

Source: Commissioner of Revenue, City Treasurer's office
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
2009-10	\$ 819,987	\$ 817,932	\$ 1,637,919	\$ 28,944,356	5.66%
2008-09	402,282	126,456	528,738	35,722,136	1.48%
2007-08	349,521	141,409	490,930	24,323,202	2.02%
2006-07	339,002	140,509	479,511	22,318,574	2.15%
2005-06	333,844	144,972	478,816	21,762,805	2.20%
2004-05	389,135	156,050	545,185	16,532,953	3.30%
2003-04	201,163	131,892	333,055	16,444,217	2.03%
2002-03	121,847	111,502	233,349	12,352,761	1.89%
2001-02	97,219	97,239	194,458	13,341,690	1.46%
2000-01	93,422	7,790	101,212	10,488,414	0.96%

(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 Eight Fiscal Years

Fiscal Years	Governmental Activities			Business-Type Activities			Total	
	General Obligation Bonds	Literary Fund Loans	Capital Leases	Revenue Bonds	General Obligation Bonds	Primary Government	Per Capita	
2010	\$ 16,175,099	\$ -	\$ 380,783	\$ 130,420	\$ 6,616,682	\$ 23,302,984	\$	1,487
2009	15,871,273	-	421,860	138,353	7,204,505	23,635,991		1,508
2008	17,936,087	-	447,800	146,738	7,763,188	26,293,813		1,678
2007	2,665,608	-	-	155,122	8,315,458	11,136,188		711
2006	3,004,610	-	-	68,358	8,835,799	11,908,767		760
2005	3,332,721	-	5,734	-	9,276,275	12,614,730		805
2004	3,649,383	500,158	78,009	-	8,076,512	12,304,062		809
2003	2,280,934	884,515	168,499	-	2,363,909	5,697,857		377

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

Table 12

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
2010	\$ 22,791,781	\$ -	\$ 22,791,781	2.58%	\$ 1,454
2009	23,075,778	-	23,075,778	2.56%	1,473
2008	25,699,275	-	25,699,275	3.08%	1,640
2007	10,981,066	-	10,981,066	1.44%	701
2006	11,840,409	-	11,840,409	1.56%	756
2005	12,608,996	-	12,608,996	1.66%	805
2004	11,725,895	-	11,725,895	1.67%	771
2003	5,529,358	-	5,529,358	0.86%	366
2002	3,865,511	-	3,865,511	0.61%	244
2001	1,536,248	-	1,536,248	0.24%	97

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7.

(2) Includes all long-term general obligation bonded debt and Literary Fund Loans, excludes revenue bonds, capital leases, and compensated absences.

CITY OF RADFORD, VIRGINIA
Legal Debt Margin Information
Last Seven Fiscal Years (1)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 57,828,175	\$ 63,955,375	\$ 64,697,874	\$ 65,135,034	\$ 71,879,024	\$ 78,529,654	\$ 78,050,994
Total net debt applicable to limit	11,725,895	12,608,996	11,840,409	10,981,066	25,699,275	23,075,778	22,791,781
Legal debt margin	<u>\$ 46,102,280</u>	<u>\$ 51,346,379</u>	<u>\$ 52,857,465</u>	<u>\$ 54,153,968</u>	<u>\$ 46,179,749</u>	<u>\$ 55,453,876</u>	<u>\$ 55,259,213</u>
Total net debt applicable to the limit as a percentage of debt limit	20.28%	19.72%	18.30%	16.86%	35.75%	29.38%	29.20%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 780,509,940
Total assessed value	<u>\$ 780,509,940</u>
Debt limit (10% of total assessed value)	\$ 78,050,994
Net debt applicable to limit	<u>22,791,781</u>
Legal debt margin	<u>\$ 55,259,213</u>

(1) Information only available for the last 7 years.

Table 14

CITY OF RADFORD, VIRGINIA
Pledged-Revenue Coverage
Last Seven Fiscal Years (1)

Fiscal Year	Water and Sewer Revenue Bonds					Coverage
	Water and Sewer Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2010	\$ 4,256,817	\$ 3,753,602	\$ 503,215	\$ 547,637	\$ 36,738	0.86
2009	3,966,054	3,803,991	162,063	567,068	79,046	0.25
2008	4,536,597	3,714,652	821,945	518,342	133,995	1.26
2007	4,073,279	3,459,438	613,841	503,187	188,011	0.89
2006	3,879,754	3,104,556	775,198	252,530	196,411	1.73
2005	3,284,763	3,274,957	9,806	340,917	19,277	0.03
2004	3,542,066	3,078,530	463,536	727,942	49,284	0.60

(1) Information only available for the last 7 years.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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
City of Radford, Virginia
Radford, Virginia

We have audited 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, 2010, which collectively comprise the City of Radford, Virginia's basic financial statements and have issued our report thereon dated November 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Radford, Virginia's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Radford, Virginia's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Radford, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Radford, Virginia in a separate letter dated November 24, 2010.

This report is intended solely for the information and use of City Council, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Turner, Cox Associates

Christiansburg, Virginia
November 24, 2010

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the City of Radford, Virginia's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City of Radford, Virginia's major federal programs for the year ended June 30, 2010. The City of Radford, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Radford, Virginia's management. Our responsibility is to express an opinion on the City of Radford, Virginia's compliance based on our audit.

The City of Radford, Virginia's basic financial statements include the operations of the Component-unit Radford City School Board, which received \$1,912,962 in federal awards which is not included in the schedule during the year ended June 30, 2010. Our audit, described below, did not include the operations of the Component-unit Radford City School Board because the School Board issued a separate report that included a schedule of their federal awards and our report thereon.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Radford, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Radford, Virginia's compliance with those requirements.

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, 2010.

Internal Control Over Compliance

Management of the City of Radford, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Radford, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in

accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Radford, Virginia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, Turner, Cox Associates

Christiansburg, Virginia
November 24, 2010

CITY OF RADFORD, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<i>DEPARTMENT OF AGRICULTURE:</i>			
Direct Payments:			
Community Facilities Loans and Grants	10.766	NA	\$ 1,819,161
Pass Through Payments:			
<i>State Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10561	129,497
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - ARRA	10.561	10561	3,249
Total Department of Agriculture			1,951,907
<i>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</i>			
Pass Through Payments:			
<i>State Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	93556	7,127
Temporary Assistance for Needy Families	93.558	93558	123,160
Refugee and Entrant Assistance-State Administered Programs	93.566	93566	285
Low-Income Home Energy Assistance	93.568	93568	5,761
Child Care and Development Block Grant	93.575	93575	38,316
Child Care Mandatory and Matching Funds of the Child care and Development Funds	93.596	93596	69,223
Child Welfare Services_State Grants	93.645	93645	385
Foster Care - Title IV-E	93.658	93658	71,293
Foster Care - Title IV-E ARRA	93.658	93658	5,030
Adoption Assistance	93.659	93659	54,954
Adoption Assistance - ARRA	93.659	93659	4,545
Social Services Block Grant	93.667	93667	46,371
Chafee Foster care Independence Program	93.674	93674	914
ARRA - Childcare and Development Block Grant	93.713	93713	18,858
Children's Health Insurance Program	93.767	93767	5,837
Medical Assistance Program	93.778	93778	74,955
Total Department of Health and Human Services			527,014
<i>U. S. DEPARTMENT OF HOMELAND SECURITY:</i>			
Pass Through Payments:			
<i>State Department of Emergency Management:</i>			
State Homeland Security Grant Program	97.073	52707/52708	44,271
Disaster Grants - Public Assistance	97.036	77601	43,448
Total U. S. Department of Homeland Security			87,719
<i>DEPARTMENT OF JUSTICE:</i>			
Pass Through Payments:			
<i>State Department of Criminal Justice Services:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJBX0099	39,038
Public Safety Partnership and Community Policing Grants - ARRA	16.710	CKWX0202	33,670
Bulletproof Vest Partnership Program	16.607	NA	1,202
Project Safe Neighborhoods	16.609	NA	88,288
Pass Through Payments:			
<i>State Compensation Board:</i>			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	NA	10,516
Total Department of Justice			172,714

CITY OF RADFORD, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<i>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</i>			
Direct Payments:			
Community Development Block Grant ARRA Entitlement Grants	14.253	NA	14,889
Community Development Block Grants/Entitlement Grants	14.218	NA	254,593
Total Department of Housing and Urban Development			269,482
<i>DEPARTMENT OF TRANSPORTATION:</i>			
Pass Through Payments:			
<i>State Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	59280/50245	29,850
<i>ENVIRONMENTAL PROTECTION AGENCY:</i>			
Pass Through Payments:			
Virginia Resources Authority:			
Capitalization Grants for Drinking Water State Revolving Funds ARRA	66.468	2F-09358309-0	604,473
Total Environmental Protection Agency			604,473
Total Expenditures of Federal Awards			\$ 3,643,159

Note A-Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Radford, Virginia under programs of the federal government for the year ended June 30, 2010. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the City of Radford, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Radford, Virginia.

Note B-Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

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

Note C-Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 700,502
General Fund - Debt financed projects	1,819,161
Grants Fund	519,023
Utility Fund-Grant Proceed Expenditures	302,237
Utility Fund-Loan Proceed Expenditures	302,236
Total primary government	\$ 3,643,159

City of Radford, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
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 auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.766	Community Facilities Loans and Grants
66.468	Capitalization Grants for Drinking Water State Revolving Funds - ARRA

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Status of Prior Audit Findings and Questioned Costs

There were no prior findings related to federal programs.