



COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

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November 12, 2025

David Horton, Mayor
Todd Meredith, City Manager
City of Radford, Virginia

The Virginia Acts of Assembly and Code of Virginia direct the office of the Auditor of Public Accounts (Office) to establish a prioritized early warning system and annually monitor data and information from this system to identify whether a locality may meet the defined criteria for fiscal distress. As part of this annual monitoring process, the Office analyzes leading financial indicators through ratio analysis using data from each locality's audited annual financial report. The annual monitoring process also includes a second component, a qualitative analysis, to evaluate demographic and non-financial factors, along with other applicable leading indicators and external information for applicable localities whose financial ratio results indicate a need for further review. Based on the results of our annual monitoring process, the Office may identify a locality as needing additional follow-up review, at which point, we send written notification to inform the local governing body and locality management of our determination. If a locality chooses to participate in the follow-up review process, we further evaluate the locality using our financial assessment questionnaire. The Office's follow-up process involves a more in-depth review and discussion with local officials to better understand certain budgetary, financial, and operational aspects of the locality and any specific factors contributing to the locality's financial position. The primary objective of this review is to determine whether a locality is experiencing fiscal distress that warrants further assistance or intervention from the Commonwealth.

The Office previously identified the City of Radford (Radford) for additional follow-up review during the 2022 monitoring process and continued to evaluate the city during the 2023 monitoring process based on the city's performance in the ratio analysis indicating downward trends and resulting in cumulative ratio points that exceeded our established evaluation threshold, along with factors noted in the qualitative analysis. Based on the follow-up review completed with the city and the Office's consideration of information provided by city management during 2022, we determined that City Council and management were monitoring the city's situation and implementing financial policies and budgetary strategies to move forward and improve the city's financial position. Accordingly, the Office concluded that Radford did not meet the criteria for fiscal distress in the context of the Commonwealth's early warning system, and we did not propose a recommendation for state assistance. Detailed information about our analyses specific to Radford and the results of the Office's monitoring process is included in our published report, [Local Government Fiscal Distress Monitoring 2022 and 2023 Report](#).

The Office has continued to evaluate ratio trends and other qualitative factors for Radford as part of the 2024 and 2025 monitoring processes. From this monitoring, we have noted that the city's performance in the ratio analysis indicates further downward trends and cumulative ratio points that exceed our established 45-point evaluation threshold.

Specifically, the city's combined points for all ratios totaled 88.33 points in the 2025 ratio analysis and 70 points in the 2024 ratio analysis, an increase from the 2023 ratio analysis result of 55 points. As defined in the Office's ratio methodology, a higher number of points for each ratio, and in total for all ratios combined, indicates the locality is showing an unfavorable or weaker performance in the ratio analysis.

In addition, as part of the qualitative analysis, the Office evaluated other external factors for Radford regarding matters brought to our attention during 2024 and 2025 related to ongoing fiscal issues and budgetary challenges. We reviewed external information from published recordings and documents for City Council meetings, public media, and other published sources, along with correspondence the Office received from citizens. From this review, we observed other qualitative risk factors, specifically, the city's revenue anticipation loan acquired in 2023 and an accruing balance of unpaid obligations to American Electric Power for the city's wholesale purchase of electricity. Additionally, we noted the city has encountered recent budgetary challenges related to overestimated revenue projections for multiple, prior budget years and decreased reliance on budgeted transfers from the electric reserve fund, which reported a negative balance for fiscal year 2024.

Based on the Office's continued monitoring of Radford, we are providing this subsequent notification to keep officials informed of the city's ongoing performance in our monitoring process within the context of the state's criteria for fiscal distress. If the city is interested in participating again in our follow-up review process, please complete and submit the attached financial assessment questionnaire electronically by December 17, 2025, or notify us if additional time is needed to complete this information. We will review the city's completed assessment questionnaire and coordinate a follow-up discussion with appropriate city officials to review the assessment responses. We may also request additional pertinent documents or supplemental information to assist with our review.

Please provide written acknowledgment of your receipt of this notification and confirmation on whether the city wishes to participate in the Office's follow-up review process. We have included the city's results from the ratio and qualitative analyses as attachments to this letter. Should you have any questions, please contact me at (804) 225-3350 or Staci.Henshaw@apa.virginia.gov.

Sincerely,

Staci A. Henshaw
Auditor of Public Accounts

cc: Seth Gillespie, City Vice Mayor
Kellie Artrip, City Council Member
Jessie Foster, City Council Member
Guy Wohlford, City Council Member
Chelista Linkous, Finance Director
Delegate Jason S. Ballard, Virginia House of Delegates 42nd District
Senator T. Travis Hackworth, Virginia State Senate District 5
Delegate Candi Mundon King, Chair of House Counties, Cities, and Towns Committee
Senator Jeremy S. McPike, Chair of Senate Local Government Committee
Stephen E. Cummings, Secretary of Finance