

FINANCIAL STATEMENTS



Gazebo at Bisset Park

CITY OF RADFORD, VIRGINIA

FISCAL YEAR ENDED
JUNE 30, 2014

CITY OF RADFORD, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

Prepared By:
Department of Financial Services

CITY OF RADFORD, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1-4
List of Elected and Appointed Officials	5
Organizational Chart	6

FINANCIAL SECTION

Independent Auditors' Report	7-9
Management's Discussion and Analysis	10-20

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	21
Statement of Activities	2	22
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ...	6	26
Statement of Net Position - Proprietary Funds	7	27
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	28
Statement of Cash Flows - Proprietary Funds	9	29
Statement of Fiduciary Net Position - Fiduciary Funds	10	30
Notes to Financial Statements		31-72

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
General Fund	11	73
Transit Fund	12	74
Schedule of Pension and OPEB Funding Progress	13	75

CITY OF RADFORD, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
Other Supplementary Information:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
Capital Projects Fund.....	14	76
Combining Balance Sheet - Nonmajor Governmental Funds.....	15	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	16	78
Nonmajor Special Revenue Funds:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	17	79
Agency Funds:		
Statement of Changes in Assets and Liabilities.....	18	80
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds	1	81-87
Schedule of Expenditures - Budget and Actual - Governmental Funds	2	88-93
	<u>Table</u>	<u>Page</u>
Statistical Information:		
Net Position by Component.....	1	94
Changes in Net Position	2	95-96
Governmental Activities Tax Revenues By Source	3	97
Fund Balances of Governmental Funds	4	98
Changes in Fund Balances of Governmental Funds	5	99
General Governmental Tax Revenues by Source	6	100
Assessed Value and Estimated Actual Value of Taxable Property.....	7	101
Property Tax Rates.....	8	102
Property Tax Levies and Collections	9	103
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	10	104
Ratios of Outstanding Debt by Type.....	11	105
Ratios of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	12	106
Legal Debt Margin Information	13	107
Pledged - Revenue Coverage	14	108

CITY OF RADFORD, VIRGINIA
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2014

TABLE OF CONTENTS (CONTINUED)

COMPLIANCE SECTION

	<u>Page</u>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	109-110
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	111-112
Schedule of Expenditures of Federal Awards	113-114
Schedule of Findings and Questioned Costs.....	115

INTRODUCTORY SECTION



January 12, 2015

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, 2014 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 units. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activity have been included.

The CAFR is presented in four sections: Introductory, Financial, 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 10 as a quick start into the June 30, 2014 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 17,139.

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

The City is home to Radford University, a state supported institution of higher education with over 1,600 employees and 9,800 students. As the City’s largest employer, Radford University has a significant positive influence on our community. Although nontaxable, the University generates an estimated \$235 million dollars annually for the area’s economy. The University continues to move forward with investments in new and remodeled facilities, as well as growth in enrollment and program offerings. These investments and its overall presence, make the University an important economic engine for the City.

The City is committed to providing a community conducive to a high quality of life for its citizens and a strong workforce for its businesses. The City’s close proximity to I-81, as well as its central location between northern and southern markets, places it in an ideal geographic location for building activities. Through the years, this has enabled the City to attract such industries and research companies as Danaher, APW, RadVA, and TechLab. The City’s unemployment rate is currently 5.9% and has a workforce of 8,484.

Radford, like many communities throughout the United States, continues to feel the effects of a sluggish economy. National and state trends illustrate weak consumer confidence, slow private investment, increased cost of providing services and stagnant revenues. These factors have been stretched to our local communities. As a result, revenue projections and expenditures are constantly re-evaluated to minimize the overall impact on the established budget to preserve the financial health of the city and its services.

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 the City strong, services reliable, as well as support growth and private investment. Staff plans wisely on the purchase of materials to keep cost down and promote continued investment in community facilities.

Radford received an economic blow last winter when Grede, Inc. announced it would close, ending the 100-year presence of foundry operations and employment in the community and the New River Valley. Despite this news, Radford’s vital signs are good. We have seen an increase in private investments, housing starts and remodeling, business district revitalization, industrial investment, and expansion of job opportunities. Sales, meals, lodging, and utility sales revenues are all seeing moderate increases. All of these activities will result in an improved revenue forecast 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 appropriate funds. The budget must be adopted and funds appropriated by July 1 of each year.

Pension Benefits

The City of Radford participates in the Virginia Retirement System (VRS), which covers all full time, salaried employees. Contributions to the VRS are determined on an actuarial basis. The contributions required during the 2013-2014 fiscal year totaled \$1,242,434. As of the plan's most recent actuarial valuation on June 30, 2011, the City's pension obligation was not fully funded. Please see Note 7 and Exhibit 13 for additional information on the City’s retirement plan.

Capital Financing and Debt Service

At June 30, 2014 the City’s legal debt limit is \$78,517,429. Net direct tax supported debt totaled \$25,182,348. 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, 2014 totaled \$26,770,628 of which \$3,508,236 for Enterprise Fund activity is considered self-supporting as revenues for services are anticipated to cover operating and debt service needs. See Note 6 for more information on the City’s long-term borrowing.



Cash Management

The City follows the pooled cash concept, which allows for greater flexibility in managing cash flow amongst the different funds. Idle cash is invested in instruments as allowed by the Code of Virginia, Chapter 3, Title 26. Currently, idle cash is held in money market funds with SunTrust Securities Corporation. Bank interest earned during 2013-2014 totaled \$5,831.

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

CITY OF RADFORD, VIRGINIA

CITY COUNCIL

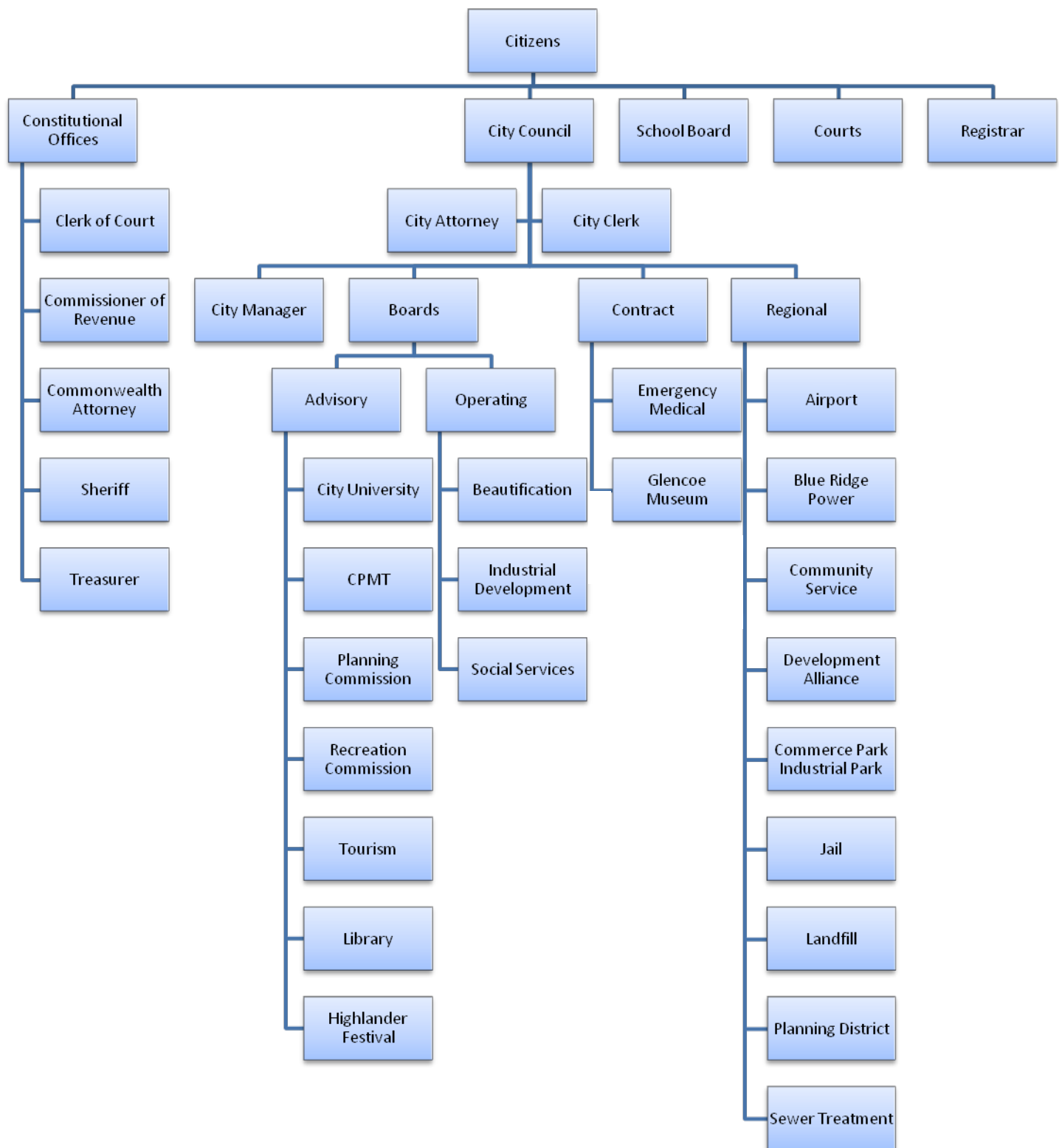
Keith Marshall, Vice Mayor	Dr. Bruce Brown, Mayor	Dr. Richard Harshberger
Robert Nicholson		Michael Turk

CITY SCHOOL BOARD

Kenny Alderman, Vice-Chair	William Flora, Chair	Lynn Burris
Jessie Critterton		Carl E. Mitchell

OTHER OFFICIALS

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



FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of pension and OPEB funding progress on pages 10-20, 73-74, and 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Radford, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014, on our consideration of the City of Radford, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Radford, Virginia's internal control over financial reporting and compliance.

Robinson, Turner, Cox Associates

Blacksburg, Virginia

November 3, 2014

CITY OF RADFORD, VIRGINIA
MANAGEMENT DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2014

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, 2014. 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 \$75,639,737 at June 30, 2014. Of this amount, \$19,528,602 may be used to meet ongoing obligations to citizens and creditors, and \$55,142,256 is invested in capital assets, net of related debt. Net position of \$968,879 is restricted.

On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$17,563,292, which totaled \$1,301,214 more than the general revenues, net of transfers, of \$16,262,078.

At June 30, 2014, the City's governmental funds balance sheet reported total ending fund balance of \$8,739,709. Of this amount, \$3,180,070 remains in the various governmental funds of the City as unassigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

Our discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements provide information about the City as a whole using the accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to answer the question, "Is the City's financial position, as a whole, better or worse as a result of the year's activities?"

One of the main goals of these two statements is to report the City's net position and changes that affected net position during the fiscal year. The change in the City's net position, the differences between assets and liabilities, is a way to measure the City's financial health, or financial position. Increases or decreases in net position are indicators of whether the City's financial health is improving or

deteriorating. Other non-financial factors, such as changes in the City's property tax base and the condition of the City infrastructure should also be considered in assessing the overall financial health of the City.

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

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

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

Component Unit – The City includes two discretely presented component units in this report, the School Board and 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 23 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 24 and 26.

Proprietary Funds – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds, like governmental-wide statements, utilize the accrual basis of accounting, and the statements provide both short and long-term financial information.

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

The City uses an internal service fund, another type of proprietary fund, to report activities that provide supplies and services by one City department to other City 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 the Department of Social Services for the benefit of certain individuals are accounted for in the Special Welfare Fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 31 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 \$75,639,737 at the close of the most recent fiscal year.

By far the largest portion of the City of Radford's net assets (73%) reflects its investment in capital assets (land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Position:

An additional portion of the City's net position, \$968,879 represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net position, \$19,528,602, 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The City's combined net position increased from \$72,936,490 to \$75,639,737 as a result of an increase in net position of Governmental-type activities of \$2,527,358, and an increase of Business-type activities of \$175,889. The increase in net assets of Governmental-type activities is explained in Exhibit 6 of the audit. The increase in net position of business-type activities is attributed to a surplus in most of the enterprise funds. The water/sewer fund surplus was \$28,283; the electric fund surplus was \$170,337; and the solid waste fund had a deficit of \$22,731.

The following table presents a condensed summary of net assets at June 30, 2014:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2014	2013	2014	2013	2014	2013	2014	2013
Current and other assets	14,690,032	15,170,577	13,538,432	12,533,965	28,228,464	27,704,542	1,419,441	1,020,820
Capital assets, net	<u>62,821,734</u>	<u>60,551,064</u>	<u>19,091,150</u>	<u>19,913,074</u>	<u>81,912,884</u>	<u>80,464,138</u>	<u>6,583,216</u>	<u>6,707,828</u>
Total assets	<u>77,511,766</u>	<u>75,721,641</u>	<u>32,629,582</u>	<u>32,447,039</u>	<u>110,141,348</u>	<u>108,168,680</u>	<u>8,002,657</u>	<u>7,728,648</u>
Other liabilities	2,321,772	1,936,981	1,471,960	821,951	3,793,732	2,758,932	104,386	157,787
Long-term liabilities	<u>23,962,617</u>	<u>25,094,773</u>	<u>3,756,962</u>	<u>4,400,317</u>	<u>27,719,579</u>	<u>29,495,090</u>	<u>650,507</u>	<u>629,810</u>
Total liabilities	<u>26,284,389</u>	<u>27,031,754</u>	<u>5,228,922</u>	<u>5,222,268</u>	<u>31,513,311</u>	<u>32,254,022</u>	<u>754,893</u>	<u>787,597</u>
Net Assets:								
Invested in capital assets,								
net of related debt	39,559,342	36,147,315	15,582,914	15,761,624	55,142,256	51,908,939	6,583,216	6,707,828
Restricted	968,879	2,812,037	-	-	968,879	2,812,037	10,569	9,318
Unrestricted	<u>7,710,856</u>	<u>6,752,367</u>	<u>11,817,746</u>	<u>11,463,147</u>	<u>19,528,602</u>	<u>18,215,514</u>	<u>653,979</u>	<u>223,905</u>
Total net assets	<u>48,239,077</u>	<u>45,711,719</u>	<u>27,400,660</u>	<u>27,224,771</u>	<u>75,639,737</u>	<u>72,936,490</u>	<u>7,247,764</u>	<u>6,941,051</u>

(Remaining portion of this page left blank intentionally)

Summary of Changes in Net Assets:

The following table shows the revenues and expenses of the government at June 30, 2014:

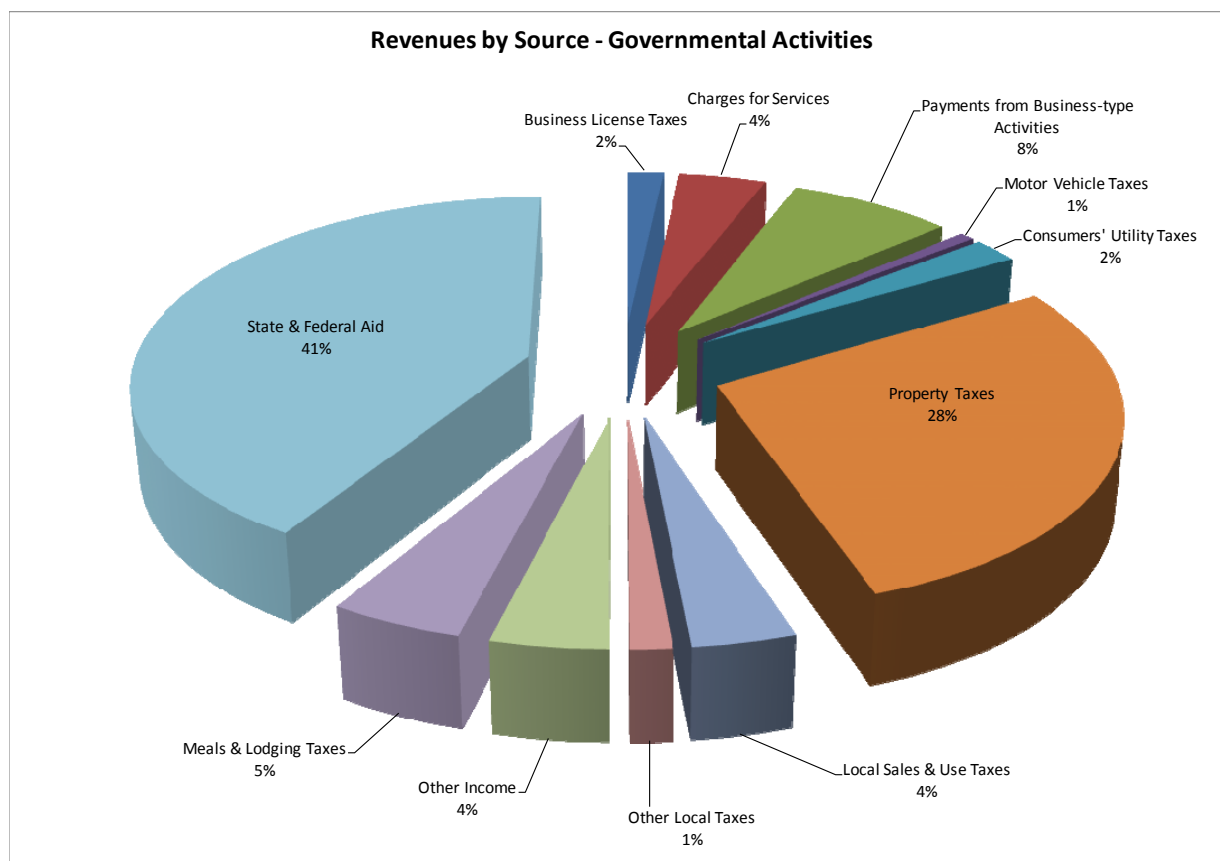
Summary of Changes in Net Position For the Fiscal Year Ended June 30, 2014								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenues								
Program Revenues:								
Charges for Services	1,128,821	1,225,237	30,513,949	34,866,609	31,642,770	36,091,846	246,623	225,323
Operating grants and contributions	9,748,231	7,429,807	-	-	9,748,231	7,429,807	10,398,002	9,970,349
Capital grants and contributions	-	-	-	165,859	-	165,859	-	-
General Revenues:								
Property Taxes	7,703,878	7,351,781	-	-	7,703,878	7,351,781	-	-
Local sales and use taxes	963,013	974,844	-	-	963,013	974,844	-	-
Consumers' utility taxes	597,428	575,931	-	-	597,428	575,931	-	-
Business license taxes	465,200	492,114	-	-	465,200	492,114	-	-
Motor Vehicle Taxes	193,711	198,060	-	-	193,711	198,060	-	-
Restaurant food taxes	1,086,580	1,024,005	-	-	1,086,580	1,024,005	-	-
Other local taxes	565,146	575,986	-	-	565,146	575,986	-	-
Interest and rent income	167,998	162,021	3,230	13,218	171,228	175,239	304,390	18,936
Other income	926,516	605,955	-	-	926,516	605,955	93,209	59,544
Payments from business-type activities	2,113,819	2,088,109	-	-	2,113,819	2,088,109	-	-
Grants /contributions not restricted to specific programs	1,478,789	1,493,502	-	-	1,478,789	1,493,502	-	-
Gain/(loss) on disposal of capital assets	-	(3,729)	-	30,296	-	26,567	-	-
Payments from other governments	-	-	-	-	-	-	4,838,940	5,211,899
Total Revenues	<u>27,139,130</u>	<u>24,193,623</u>	<u>30,517,179</u>	<u>35,075,982</u>	<u>57,656,309</u>	<u>59,269,605</u>	<u>15,881,164</u>	<u>15,486,051</u>
Expenses								
General Government	2,583,106	2,478,062	-	-	2,583,106	2,478,062	-	-
Judicial administration	1,228,811	1,182,752	-	-	1,228,811	1,182,752	-	-
Public Safety	6,991,450	6,807,173	-	-	6,991,450	6,807,173	-	-
Public Works	4,052,721	3,509,880	-	-	4,052,721	3,509,880	-	-
Health and Welfare	2,965,695	2,662,252	-	-	2,965,695	2,662,252	-	-
Education	5,049,358	5,753,106	-	-	5,049,358	5,753,106	15,560,695	15,337,448
Parks, recreation, and cultural	2,284,314	2,331,432	-	-	2,284,314	2,331,432	-	-
Community Development	2,312,280	1,964,126	-	-	2,312,280	1,964,126	13,756	14,688
Interest on long-term debt	969,417	1,082,407	-	-	969,417	1,082,407	-	-
Nondepartmental	3,192	33,375	-	-	3,192	33,375	-	-
Electric Operation	-	-	20,238,003	22,800,427	20,238,003	22,800,427	-	-
Water/Wastewater Operation	-	-	5,061,000	5,096,068	5,061,000	5,096,068	-	-
Solid Waster Operation	-	-	1,213,715	1,138,631	1,213,715	1,138,631	-	-
Total Expenses	<u>28,440,344</u>	<u>27,804,565</u>	<u>26,512,718</u>	<u>29,035,126</u>	<u>54,953,062</u>	<u>56,839,691</u>	<u>15,574,451</u>	<u>15,352,136</u>
Transfers	3,828,572	2,230,969	(3,828,572)	(2,230,969)	-	-	-	-
Increase(Decrease) in Net Assets	2,527,358	(1,379,973)	175,889	3,809,887	2,703,247	2,429,914	306,713	133,915
Net Position, Beginning	<u>45,711,719</u>	<u>47,091,692</u>	<u>27,224,771</u>	<u>23,414,884</u>	<u>72,936,490</u>	<u>70,506,576</u>	<u>6,941,051</u>	<u>6,807,136</u>
Net Position, Ending	<u>48,239,077</u>	<u>45,711,719</u>	<u>27,400,660</u>	<u>27,224,771</u>	<u>75,639,737</u>	<u>72,936,490</u>	<u>7,247,764</u>	<u>6,941,051</u>

Operating grants and contributions, which is state and federal aid, makes up about 36% of total revenue generated by governmental activities. This revenue source is up 31% mainly due to an increase in state categorical aid for the Comprehensive Services Act and Virginia Department of Transportation grant funds associated with the Second Avenue project.

The property tax classification, which comprises approximately 28% of total revenue generated by governmental activities, includes real estate taxes, local portion of personal property taxes, and public service corporation taxes. Property tax rates have remained the same since 2010 which explains the modest 4.8% growth.

Other Income is up 53% mainly due to an increase in Transit pass-through revenue from Radford University for capital purchases, increased service fees, and Radford University's match increasing for the base fee.

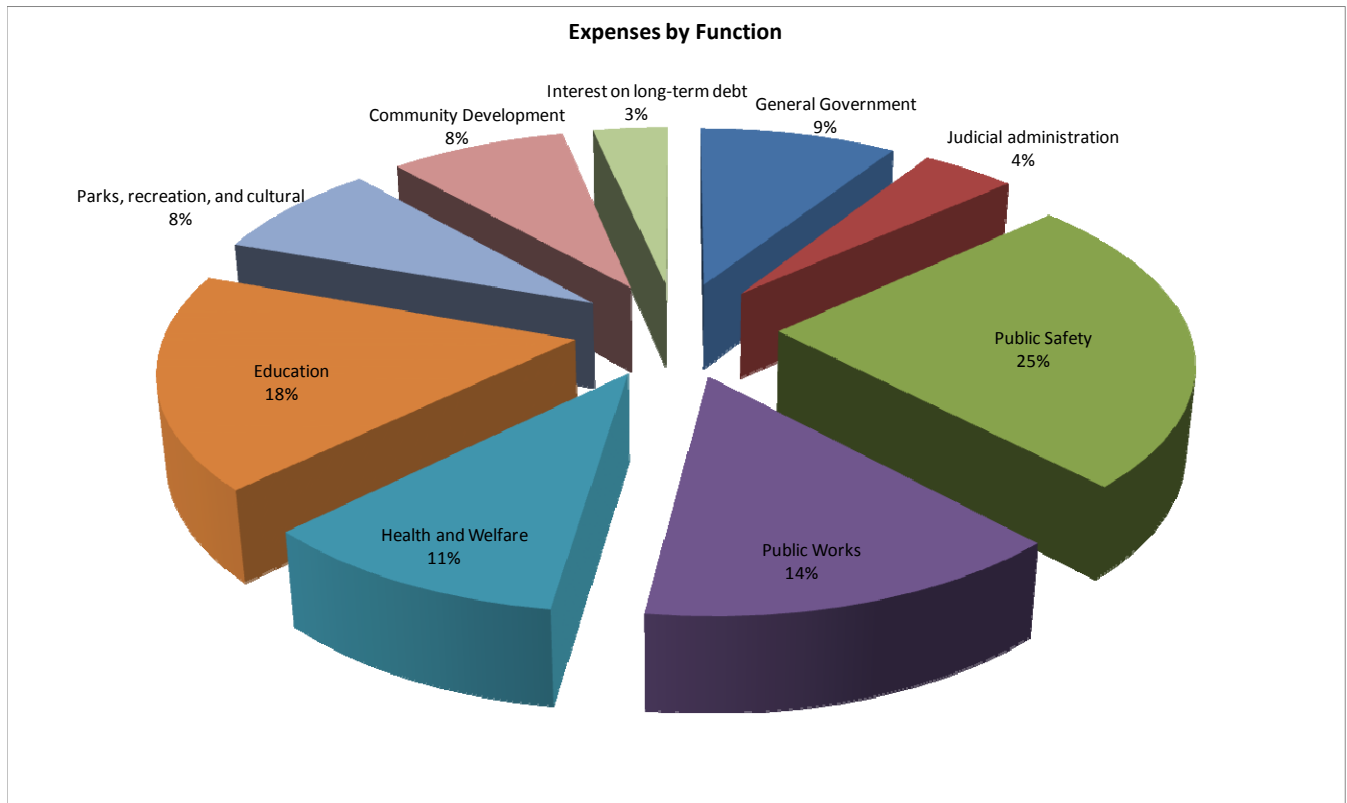
Revenue generated for governmental activities are presented below by category:



Expenses for governmental activities totaled \$28,440,344 for the year, which is up 2.3% from the previous year. A 3% cost-of-living adjustment was made to salaries in FY 14. Council also gave a \$400 bonus to all full time employees and \$75 to all part time employees. Health insurance premiums for employee only increased 2.7% due to fees associated with the Affordable Care Act. Rates from the Virginia Retirement System held steady.

Public Safety expenses comprise the largest portion of governmental expenses at 25%. This includes police, fire, EMS, and jail operations along with building official and code enforcement. This category showed a 2.7% increase over the previous fiscal year. Funding for education is the second largest portion of expenses at 18%. The amount transferred to the School Board was \$503,000 less than the previous year. Expenses for Public Works are the next largest portion, by function, of the City's governmental activities at 14%. Expenses for street paving and maintenance, as well as maintenance of general buildings and engineering are included in this category. It increased 15.5% due to an increase in paving and storm water related projects. Health & Welfare expenses make up 11% of governmental expenses. Costs associated with the Comprehensive Services Act continue to rise explaining the 11% increase in this category. Community Development is 8% of this category and had an 18% increase due to Transit capital purchases and an increase in contract expenses due to expanded service hours.

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, 2014, the governmental funds reflect a total fund balance of \$8,739,709. Of this amount, \$163,005 is nonspendable as it covers prepaid expenses. \$968,879 is restricted by grantors, higher levels of government, or law. \$4,427,755 is committed by Council. The remainder, \$3,180,070 is unassigned and available for any purpose.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund unassigned fund balance was \$3,180,070, while the total fund balance was \$7,018,204. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately

13% of the total General Fund expenditures and other financing uses, while total fund balance represents 29% of that same amount.

The fund balance of the General Fund increased by \$645,825 during the current fiscal year. This is mainly due to the funds earmarked for the School Board that were transferred to the restricted account for school capital projects.

Local taxes make up a large portion of General Fund revenues, totaling approximately \$11,472,088 in fiscal year 2014. Property taxes make up 66% of local taxes and are up 0.9% from the prior year. All tax rates remained unchanged so this increase reflects modest growth. Other local taxes increased 0.8%.

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 \$2,079,984 during the fiscal year, an increase of 2.9% from last year. This fund is reported as a non-major fund along with the Grants Fund and Transit 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, 2014, City Council designated \$5,246,856 towards new capital improvement projects. \$3,279,737 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 \$422,845.

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

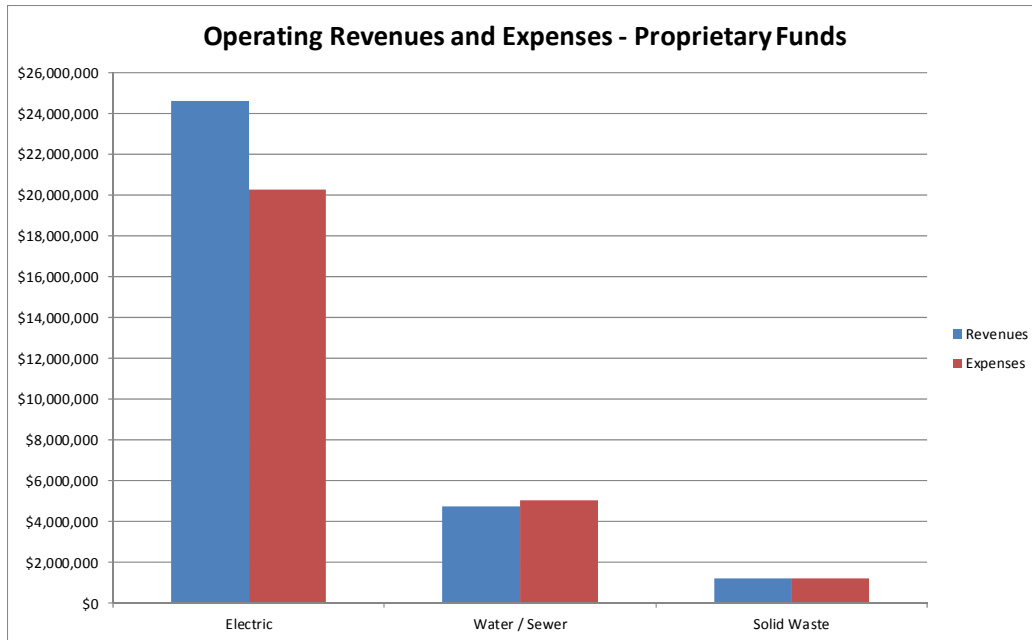
Proprietary Funds:

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 \$11,167,148 at the end of the year, an increase of \$245,347 from the prior year or 2.2%. The 2013 American Electric Power true up was in our favor this year at \$25,378. The amount invested in capital assets, net of related debt, was reduced by \$75,010.

Unrestricted net assets for the Water/Wastewater Fund amounted to \$199,810 at the end of the year, which is an increase of \$188,354. The recently prepared forecast concluded a rate increase was necessary to support operations. The new rates went into effect July 2014.

Unrestricted net assets for the Solid Waste Fund amounted to \$450,788 at the end of the fiscal year, a decrease of \$79,102 from the prior year. This fund had an operating loss of \$25,434 and the amount invested in capital assets increased by \$55,371. The decrease in unrestricted net assets and corresponding increase in capital assets is due to a planned purchase of a trash truck out of reserves.



GENERAL FUND BUDGETARY HIGHLIGHTS

There were 40 amendments to the original budget during the 2013-2014 fiscal year. Significant increases in appropriations for the general fund budget are highlighted below:

- \$86,950 Ambulance Grant
- \$93,676 School Bus
- \$98,500 vehicle replacements

CAPITAL ASSETS

As of June 30, 2014, the City's capital assets for its governmental and business-type activities amounted to \$81,912,884 (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 \$1,448,746.

Major capital assets events during the year included the following:

- \$118,600 SCADA upgrade
- \$121,050 Street Department dump truck
- \$130,407 Multipurpose Ball Field improvements
- \$144,620 Seventeenth Street substation transformer
- \$159,919 Solid Waste trash truck
- \$173,900 Ambulance
- \$819,805 Two Transit System buses
- \$2,897,245 Second Avenue Improvement Project

Capital Assets, Net of Depreciation						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	2,593,925	2,593,925	712,498	712,498	3,306,423	3,306,423
Construction in Progress	4,527,236	1,314,622	28,474	28,179	4,555,710	1,342,801
Building & Improvements	30,583,914	31,400,676	268,417	275,233	30,852,331	31,675,909
Machinery & Equipment	4,507,334	3,849,385	2,313,935	1,576,682	6,821,269	5,426,067
Plant & Infrastructure	<u>20,609,325</u>	<u>21,392,456</u>	<u>15,767,826</u>	<u>17,320,482</u>	<u>36,377,151</u>	<u>38,712,938</u>
Total	<u>62,821,734</u>	<u>60,551,064</u>	<u>19,091,150</u>	<u>19,913,074</u>	<u>81,912,884</u>	<u>80,464,138</u>

The changes in each category of Capital Assets are presented in detail in note 10 to the Basic Financial Statements.

LONG-TERM DEBT

At June 30, 2014, the City's long-term liabilities, not including compensated absences, claims payable, and OPEB obligations, totaled \$26,770,628 comprised of \$23,262,392 related to governmental activities, and \$3,508,236 related to business-type activities. Total debt decreased by \$1,784,571 during the year. The City did not issue any debt during the fiscal year and made principal payments totaling \$1,784,571.

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 \$25,182,348 applicable to the limit is below the legal debt limit of \$78,517,429.

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, 2014, \$11,758,514 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 6 of the Basic financial statements.

CITY OF RADFORD
OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	22,566,904	23,582,010	2,615,444	3,220,221	25,182,348	26,802,231
Unamortized Premium	492,874	520,007	-	-	492,874	520,007
Lease Purchase	202,614	301,732	-	-	202,614	301,732
Revenue Bonds	-	-	892,792	931,229	892,792	931,229
Total	23,262,392	24,403,749	3,508,236	4,151,450	26,770,628	28,555,199

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's unemployment rate is 5.9 % out of a workforce of 8,484. Unemployment for last year was 7.2% out of 8,511.

The City of Radford continues to feel the impact of reductions in state supported revenues, as well as a sluggish real estate market and factors relating to the stagnant health of the national economy. As a result of these influences, Radford will need to rely on the continued stability of its manufacturing industries, expansion of the service sector of the economy and growth associated with the University. There are positive signs of an improving economy with modest increases in retail sales, restaurant and lodging taxes, investments in new manufacturing, housing, small business, and job growth. Real estate collections are steady and remain on target. The community should see more robust employment growth and investment in 2015, as well as increased utility usage from new business and the active construction of facilities at Radford University. Small business openings and tourism related activity have been stable.

For the 2014-2015 fiscal year, property tax rates remained the same. A modest increase was required in the water/wastewater operation. The minimum monthly charge for water increase \$2 or 14%. Sewer rates increased \$1.06 for the minimum monthly charge or 9.5%.

CONTACTING THE CITY'S FINANCIAL DEPARTMENT

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

Basic Financial Statements

City of Radford, Virginia
Statement of Net Position
June 30, 2014

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 9,635,743	\$ 8,909,978	\$ 18,545,721	\$ 390,643	\$ 328,163
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,369,407	-	3,369,407	-	-
Accounts receivable	766,262	2,042,732	2,808,994	3,282	-
Internal balances	(1,898,128)	1,898,128	-	-	-
Due from other governmental units	2,570,024	-	2,570,024	233,574	-
Inventories	70,218	655,585	725,803	13,158	447,977
Prepaid items	176,506	32,009	208,515	-	2,644
Capital assets (net of accumulated depreciation):					
Land	2,593,925	712,498	3,306,423	33,433	-
Buildings and improvements	30,583,914	268,417	30,852,331	5,709,023	-
Machinery and equipment	4,507,334	2,313,935	6,821,269	822,688	-
Infrastructure and utility plants	20,609,325	15,767,826	36,377,151	-	-
Construction in progress	4,527,236	28,474	4,555,710	18,072	-
Total assets	<u>\$ 77,511,766</u>	<u>\$ 32,629,582</u>	<u>\$ 110,141,348</u>	<u>\$ 7,223,873</u>	<u>\$ 778,784</u>
LIABILITIES					
Accounts payable	\$ 1,526,023	\$ 999,689	\$ 2,525,712	\$ 43,100	\$ 112
Accrued wages	374,642	119,988	494,630	28,952	-
Customers' deposits	-	352,283	352,283	-	-
Amount held for others	83,187	-	83,187	-	-
Accrued interest payable	313,820	-	313,820	-	-
Unearned revenue	24,100	-	24,100	32,222	-
Long-term liabilities:					
Due within one year	1,513,602	810,609	2,324,211	344,474	-
Due in more than one year	22,449,015	2,946,353	25,395,368	306,033	-
Total liabilities	<u>\$ 26,284,389</u>	<u>\$ 5,228,922</u>	<u>\$ 31,513,311</u>	<u>\$ 754,781</u>	<u>\$ 112</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	\$ 2,988,300	-	\$ 2,988,300	-	-
NET POSITION					
Net investment in capital assets	\$ 39,559,342	\$ 15,582,914	\$ 55,142,256	\$ 6,583,216	\$ -
Restricted	968,879	-	968,879	10,569	-
Unrestricted (deficit)	7,710,856	11,817,746	19,528,602	(124,693)	778,672
Total net position	<u>\$ 48,239,077</u>	<u>\$ 27,400,660</u>	<u>\$ 75,639,737</u>	<u>\$ 6,469,092</u>	<u>\$ 778,672</u>

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, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Component Units	
				Governmental Activities	Business-type Activities	Total	IDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,583,106	\$ 55,692	\$ 192,123	\$ (2,335,291)	\$ -	\$ (2,335,291)	\$ -
Judicial administration	1,228,811	305,379	495,558	(427,874)	-	(427,874)	-
Public safety	6,991,450	611,211	1,111,401	(5,268,838)	-	(5,268,838)	-
Public works	4,052,721	41,245	3,872,974	(138,502)	-	(138,502)	-
Health and welfare	2,965,695	-	2,275,512	(690,183)	-	(690,183)	-
Education	5,049,358	-	-	(5,049,358)	-	(5,049,358)	-
Parks, recreation, and cultural	2,284,314	115,294	142,941	(2,026,079)	-	(2,026,079)	-
Community development	2,312,280	-	1,657,722	(654,558)	-	(654,558)	-
Nondepartmental	3,192	-	-	(3,192)	-	(3,192)	-
Interest	969,417	-	-	(969,417)	-	(969,417)	-
Total governmental activities	\$ 28,440,344	\$ 1,128,821	\$ 9,748,231	\$ (17,563,292)	\$ -	\$ (17,563,292)	\$ -
Business-type activities:							
Water and sewer	\$ 5,061,000	\$ 4,732,813	\$ -	\$ -	\$ (328,187)	\$ (328,187)	\$ -
Electric	20,238,003	24,592,855	-	-	4,354,852	4,354,852	-
Nonmajor funds	1,213,715	1,188,281	-	-	(25,434)	(25,434)	-
Total business-type activities	\$ 26,512,718	\$ 30,513,949	\$ -	\$ -	\$ 4,001,231	\$ 4,001,231	\$ -
Total primary government	\$ 54,953,062	\$ 31,642,770	\$ 9,748,231	\$ (17,563,292)	\$ 4,001,231	\$ (13,562,061)	\$ -
COMPONENT UNITS:							
School Board	\$ 15,560,695	\$ 237,511	\$ 10,398,002	\$ -	\$ -	\$ (4,925,182)	\$ (4,644)
IDA	13,756	9,112	-	-	-	-	(4,644)
Total component units	\$ 15,574,451	\$ 246,623	\$ 10,398,002	\$ -	\$ -	\$ (4,925,182)	\$ (4,644)
General revenues:							
General property taxes				\$ 7,703,878	\$ -	\$ 7,703,878	\$ -
Other local taxes:							
Local sales and use taxes				963,013	-	963,013	-
Consumers' utility taxes				597,428	-	597,428	-
Business license taxes				465,200	-	465,200	-
Motor vehicle taxes				193,711	-	193,711	-
Restaurant food taxes				1,086,580	-	1,086,580	-
Other local taxes				565,146	-	565,146	-
Unrestricted revenues from the use of money and property				3,230	3,230	171,228	4,390
Miscellaneous				167,998	-	171,228	3,881
Contributions from the City of Radford				3,040,335	-	3,040,335	75,000
Grants and contributions not restricted to specific programs				-	-	-	-
Transfers				1,478,789	-	1,478,789	-
Total general revenues and transfers				\$ 3,828,572	\$ (3,828,572)	\$ -	\$ -
Change in net position				\$ 20,090,650	\$ (3,825,342)	\$ 16,265,308	\$ 378,881
Net position - beginning				\$ 2,527,358	\$ 175,889	\$ 2,703,247	\$ (67,524)
Net position - ending				\$ 45,711,719	\$ 27,224,771	\$ 72,936,490	\$ 6,536,616
Net position - ending				\$ 48,239,077	\$ 27,400,660	\$ 75,639,737	\$ 6,469,092

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

City of Radford, Virginia
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Transit</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 8,299,967	\$ 1,451,597	\$ -	\$ 828,468	\$ 10,580,032
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,369,407	-	-	-	3,369,407
Accounts receivable	464,990	-	260,757	37,062	762,809
Due from other governmental units	845,657	460,755	1,184,313	79,299	2,570,024
Prepaid items	151,146	-	-	11,859	163,005
Total assets	<u>\$ 13,131,167</u>	<u>\$ 1,912,352</u>	<u>\$ 1,445,070</u>	<u>\$ 956,688</u>	<u>\$ 17,445,277</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 394,315	\$ 474,698	74,566	\$ 568,645	\$ 1,512,224
Accrued wages and benefits	328,890	-	-	39,183	368,073
Accrued vacation and sick pay	98,718	-	-	11,811	110,529
Amounts held for others	83,187	-	-	-	83,187
Reconciled overdraft	-	-	1,207,943	44,538	1,252,481
Due to other funds	1,634,810	-	-	171,221	1,806,031
Unearned revenue	24,100	-	-	-	24,100
Total liabilities	<u>\$ 2,564,020</u>	<u>\$ 474,698</u>	<u>\$ 1,282,509</u>	<u>\$ 835,398</u>	<u>\$ 5,156,625</u>
Deferred inflows of resources:					
Unavailable revenue-property taxes	\$ 3,488,358	\$ -	\$ -	\$ -	\$ 3,488,358
Unavailable revenue-ambulance billings	60,585	-	-	-	60,585
Total deferred inflows of resources	<u>\$ 3,548,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,548,943</u>
Fund balances:					
Nonspendable	\$ 151,146	\$ -	\$ -	\$ 11,859	\$ 163,005
Restricted (Note 17)	806,318	-	162,561	-	968,879
Committed (Note 17)	2,880,670	1,437,654	-	109,431	4,427,755
Unassigned	3,180,070	-	-	-	3,180,070
Total fund balances	<u>7,018,204</u>	<u>1,437,654</u>	<u>162,561</u>	<u>121,290</u>	<u>8,739,709</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,131,167</u>	<u>\$ 1,912,352</u>	<u>\$ 1,445,070</u>	<u>\$ 956,688</u>	<u>\$ 17,445,277</u>

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

City of Radford, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2014

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	8,739,709
--	----	-----------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$50,910 in Internal Service Fund capital assets).

Land	\$	2,593,925	
Buildings and improvements		30,568,361	
Infrastructure		20,609,325	
Machinery and equipment		4,471,977	
Construction in progress		4,527,236	62,770,824

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenues	\$	560,643
----------------------	----	---------

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

317,801

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

General obligation bonds and capital lease	\$	(22,769,518)	
Accrued interest payable		(313,820)	
Unamortized bond premium		(492,874)	
Compensated absences		(504,021)	
Net OPEB obligation		(69,667)	(24,149,900)

Net position of governmental activities

\$ 48,239,077

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, 2014

	General	Capital Projects	Transit	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 7,601,010	\$ -	\$ -	\$ -	\$ 7,601,010
Other local taxes	3,871,078	-	-	-	3,871,078
Permits, privilege fees, and regulatory licenses	55,541	-	-	-	55,541
Fines and forfeitures	250,698	-	-	-	250,698
Revenue from the use of money and property	167,885	-	-	113	167,998
Charges for services	745,827	-	22,763	35,070	803,660
Miscellaneous	2,479,930	9,800	540,387	10,218	3,040,335
Recovered costs	4,021	-	-	2,902	6,923
Intergovernmental:					
Commonwealth	4,753,882	1,786,662	282,479	2,205,506	9,028,529
Federal	663,896	-	1,247,490	287,105	2,198,491
Total revenues	<u>\$ 20,593,768</u>	<u>\$ 1,796,462</u>	<u>\$ 2,093,119</u>	<u>\$ 2,540,914</u>	<u>\$ 27,024,263</u>
EXPENDITURES					
General government administration	\$ 2,319,337	\$ -	\$ -	\$ -	\$ 2,319,337
Judicial administration	1,240,070	-	-	-	1,240,070
Public safety	6,666,992	-	-	226,191	6,893,183
Public works	975,015	-	-	2,494,353	3,469,368
Health and welfare	2,958,028	-	-	100	2,958,128
Education	4,771,004	-	-	-	4,771,004
Parks, recreation, and cultural	2,007,961	-	-	10,800	2,018,761
Community development	453,692	-	2,200,649	125,783	2,780,124
Nondepartmental	3,192	-	-	-	3,192
Capital projects	-	3,279,737	-	-	3,279,737
Debt service:					
Principal retirement	1,089,224	-	-	25,000	1,114,224
Interest and other fiscal charges	1,000,308	-	-	7,466	1,007,774
Total expenditures	<u>\$ 23,484,823</u>	<u>\$ 3,279,737</u>	<u>\$ 2,200,649</u>	<u>\$ 2,889,693</u>	<u>\$ 31,854,902</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (2,891,055)	\$ (1,483,275)	\$ (107,530)	\$ (348,779)	\$ (4,830,639)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 3,871,166	\$ 579,308	\$ 185,307	\$ 17,123	\$ 4,652,904
Transfers out	(334,286)	(467,968)	-	(15,000)	(817,254)
Total other financing sources (uses)	<u>\$ 3,536,880</u>	<u>\$ 111,340</u>	<u>\$ 185,307</u>	<u>\$ 2,123</u>	<u>\$ 3,835,650</u>
Net change in fund balances	\$ 645,825	\$ (1,371,935)	\$ 77,777	\$ (346,656)	\$ (994,989)
Fund balances - beginning	6,372,379	2,809,589	84,784	467,946	9,734,698
Fund balances - ending	<u>\$ 7,018,204</u>	<u>\$ 1,437,654</u>	<u>\$ 162,561</u>	<u>\$ 121,290</u>	<u>\$ 8,739,709</u>

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

City of Radford, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds	\$	(994,989)
--	----	-----------

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.

Capital outlays	\$ 4,747,154	
Transfers of assets (net) to business-type activities	(17,127)	
Depreciation expense	<u>(2,388,727)</u>	2,341,300

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		(85,101)
--	--	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		121,790
--	--	---------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayments:		
General obligation bonds	\$ 1,015,106	
Capital lease	<u>99,118</u>	1,114,224

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.

Decrease (increase) in compensated absences	\$ 626	
Decrease (increase) in accrued interest payable	11,224	
Amortization of bond premium	27,133	
(Increase) decrease in net OPEB obligation	<u>(8,851)</u>	30,132

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.

2

Change in net position of governmental activities	\$	<u>2,527,358</u>
---	----	------------------

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

City of Radford, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Funds				Internal Service Fund
	Water and Sewer	Electric Fund	Solid Waste Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 801,262	\$ 7,903,155	\$ 205,561	\$ 8,909,978	\$ 308,192
Accounts receivable, net of allowance for uncollectibles	385,139	1,552,675	104,918	2,042,732	3,453
Due from other funds	263,116	2,570,049	209,616	3,042,781	-
Inventories	172,929	482,656	-	655,585	70,218
Prepaid expenses	11,296	13,245	7,468	32,009	13,501
Total current assets	<u>\$ 1,633,742</u>	<u>\$ 12,521,780</u>	<u>\$ 527,563</u>	<u>\$ 14,683,085</u>	<u>\$ 395,364</u>
Noncurrent assets:					
Capital assets:					
Land	\$ 188,734	\$ 523,764	\$ -	\$ 712,498	\$ -
Utility plant and lines in service	29,878,627	17,129,657	-	47,008,284	-
Buildings and improvements	24,143	427,973	-	452,116	39,618
Machinery and equipment	1,279,872	2,113,858	1,405,849	4,799,579	294,163
Construction in progress	28,474	-	-	28,474	-
Accumulated depreciation	(18,200,412)	(14,984,245)	(725,144)	(33,909,801)	(282,871)
Total capital assets	<u>\$ 13,199,438</u>	<u>\$ 5,211,007</u>	<u>\$ 680,705</u>	<u>\$ 19,091,150</u>	<u>\$ 50,910</u>
Total noncurrent assets	<u>\$ 13,199,438</u>	<u>\$ 5,211,007</u>	<u>\$ 680,705</u>	<u>\$ 19,091,150</u>	<u>\$ 50,910</u>
Total assets	<u>\$ 14,833,180</u>	<u>\$ 17,732,787</u>	<u>\$ 1,208,268</u>	<u>\$ 33,774,235</u>	<u>\$ 446,274</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 142,265	\$ 822,280	\$ 35,144	\$ 999,689	\$ 13,799
Salaries and wages payable	36,244	66,878	16,866	119,988	6,569
Customers' deposits	35,595	316,688	-	352,283	-
Due to other funds	1,144,653	-	-	1,144,653	92,097
Compensated absences - current portion	56,381	111,590	18,574	186,545	12,006
Bonds payable - current portion	580,150	43,914	-	624,064	-
Total current liabilities	<u>\$ 1,995,288</u>	<u>\$ 1,361,350</u>	<u>\$ 70,584</u>	<u>\$ 3,427,222</u>	<u>\$ 124,471</u>
Noncurrent liabilities:					
Compensated absences - net of current portion	\$ 18,794	\$ 37,196	\$ 6,191	\$ 62,181	\$ 4,002
Bonds payable - net of current portion	2,710,141	174,031	-	2,884,172	-
Total noncurrent liabilities	<u>\$ 2,728,935</u>	<u>\$ 211,227</u>	<u>\$ 6,191</u>	<u>\$ 2,946,353</u>	<u>\$ 4,002</u>
Total liabilities	<u>\$ 4,724,223</u>	<u>\$ 1,572,577</u>	<u>\$ 76,775</u>	<u>\$ 6,373,575</u>	<u>\$ 128,473</u>
NET POSITION					
Net investment in capital assets	\$ 9,909,147	\$ 4,993,062	\$ 680,705	\$ 15,582,914	\$ 50,910
Unrestricted	199,810	11,167,148	450,788	11,817,746	266,891
Total net position	<u>\$ 10,108,957</u>	<u>\$ 16,160,210</u>	<u>\$ 1,131,493</u>	<u>\$ 27,400,660</u>	<u>\$ 317,801</u>

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

City of Radford, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Funds				Internal
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	Service Funds
OPERATING REVENUES					
Charges for services:					
Water sales	\$ 2,322,605	\$ -	\$ -	\$ 2,322,605	\$ -
Electric sales	-	24,334,803	-	24,334,803	-
Sanitation charges	-	-	1,188,281	1,188,281	-
Internal service charges	-	-	-	-	858,165
Sewer sales	2,279,458	-	-	2,279,458	-
Tap fees	3,451	-	-	3,451	-
Connection fees	21,475	-	-	21,475	-
Availability fees	35,848	-	-	35,848	-
Penalties	67,971	158,598	-	226,569	-
Miscellaneous revenue	2,005	49,420	-	51,425	-
Other revenues	-	50,034	-	50,034	-
Total operating revenues	\$ 4,732,813	\$ 24,592,855	\$ 1,188,281	\$ 30,513,949	\$ 858,165
OPERATING EXPENSES					
Personnel	\$ 1,105,797	\$ 1,985,885	\$ 569,139	\$ 3,660,821	\$ 212,530
Professional services	84,166	72,531	711	157,408	9,775
Automotive expenses	60,048	62,297	141,014	263,359	509,809
Office supplies and expenses	4,097	8,939	72	13,108	555
Risk management	22,064	22,570	10,391	55,025	6,332
Postal services	209	321	15	545	-
Telecommunications	17,955	14,876	1,700	34,531	835
Conferences and education	1,733	6,973	-	8,706	-
Dues and memberships	95	37,487	-	37,582	-
Heating service	11,955	-	-	11,955	2,581
Repairs and maintenance	175,629	243,953	29	419,611	28,342
Janitorial supplies	423	958	100	1,481	312
Tools	10,662	38,734	-	49,396	9,926
Lease/rentals	4,107	84	-	4,191	-
Agricultural supplies	656	-	-	656	-
Uniforms	4,343	11,308	1,867	17,518	795
Building expenses	4,424	626	6,482	11,532	35,951
Solid waste services	1,776	1,200	76,007	78,983	-
Electrical service	263,228	1,295	-	264,523	34,951
Supplies	9,935	-	-	9,935	-
Purchase of electricity	-	15,632,077	-	15,632,077	-
Services from other governments	1,683,462	-	141,556	1,825,018	-
Payment in lieu of taxes	541,409	1,411,326	161,084	2,113,819	-
Miscellaneous	5,282	18,573	-	23,855	306
Chemicals and gases	90,777	-	-	90,777	1,867
Depreciation	907,353	659,532	103,548	1,670,433	9,157
Total operating expenses	\$ 5,011,585	\$ 20,231,545	\$ 1,213,715	\$ 26,456,845	\$ 864,024
Operating income (loss)	\$ (278,772)	\$ 4,361,310	\$ (25,434)	\$ 4,057,104	\$ (5,859)
NONOPERATING REVENUES (EXPENSES)					
Interest income	\$ 1,411	\$ 1,753	\$ 66	\$ 3,230	\$ -
Loss on disposal of surplus	(4,267)	-	-	(4,267)	(4,188)
Interest expense	(45,148)	(6,458)	-	(51,606)	-
Total nonoperating revenues (expenses)	\$ (48,004)	\$ (4,705)	\$ 66	\$ (52,643)	\$ (4,188)
Income before contributions and transfers	\$ (326,776)	\$ 4,356,605	\$ (25,368)	\$ 4,004,461	\$ (10,047)
Transfers in	356,376	1,594	2,637	360,607	10,049
Transfers out	(1,317)	(4,187,862)	-	(4,189,179)	-
Change in net position	\$ 28,283	\$ 170,337	\$ (22,731)	\$ 175,889	\$ 2
Net position - beginning	10,080,674	15,989,873	1,154,224	27,224,771	317,799
Net position - ending	\$ 10,108,957	\$ 16,160,210	\$ 1,131,493	\$ 27,400,660	\$ 317,801

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, 2014

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 4,744,775	\$ 25,446,789	\$ 1,197,539	\$ 31,389,103	\$ -
Receipts from interfund services	-	-	-	-	857,018
Payments to suppliers	(2,947,966)	(17,031,264)	(537,774)	(20,517,004)	(659,502)
Payments to employees	(1,099,309)	(1,982,234)	(566,962)	(3,648,505)	(210,591)
Net cash provided by (used for) by operating activities	\$ 697,500	\$ 6,433,291	\$ 92,803	\$ 7,223,594	\$ (13,075)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	\$ (1,317)	\$ (4,187,862)	\$ -	\$ (4,189,179)	\$ -
Transfers from other funds	356,376	1,594	2,637	360,607	10,049
Advances from other funds	324,444	-	-	324,444	35,256
Advances to other funds	(198,727)	(1,114,100)	(72,820)	(1,385,647)	-
Net cash provided by (used for) by noncapital financing activities	\$ 480,776	\$ (5,300,368)	\$ (70,183)	\$ (4,889,775)	\$ 45,305
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	\$ (159,384)	\$ (533,473)	\$ (159,919)	\$ (852,776)	\$ (27,816)
Principal payments on bonds	(592,165)	(51,049)	-	(643,214)	-
Interest expense	(45,148)	(6,458)	-	(51,606)	-
Net cash provided by (used for) by capital and related financing activities	\$ (796,697)	\$ (590,980)	\$ (159,919)	\$ (1,547,596)	\$ (27,816)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	\$ 1,411	\$ 1,753	\$ 66	\$ 3,230	\$ -
Net cash provided by (used for) by investing activities	\$ 1,411	\$ 1,753	\$ 66	\$ 3,230	\$ -
Net increase (decrease) in cash and cash equivalents	\$ 382,990	\$ 543,696	\$ (137,233)	\$ 789,453	\$ 4,414
Cash and cash equivalents - beginning	418,272	7,359,459	342,794	8,120,525	303,778
Cash and cash equivalents - ending	\$ 801,262	\$ 7,903,155	\$ 205,561	\$ 8,909,978	\$ 308,192
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:					
Operating income (loss)	\$ (278,772)	\$ 4,361,310	\$ (25,434)	\$ 4,057,104	\$ (5,859)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	907,353	659,532	103,548	1,670,433	9,157
(Increase) decrease in accounts receivable	10,858	862,098	9,258	882,214	(1,147)
(Increase) decrease in inventories	50,963	(87,743)	-	(36,780)	460
(Increase) decrease in prepaid items	(48)	1,005	(202)	755	(6,600)
Increase (decrease) in customer deposits	1,104	(8,164)	-	(7,060)	-
Increase (decrease) in operating payables	(446)	641,602	3,456	644,612	(11,025)
Increase (decrease) in salaries and wages payable	4,863	6,333	1,261	12,457	822
Increase (decrease) in compensated absences	1,625	(2,682)	916	(141)	1,117
Total adjustments	976,272	2,071,981	118,237	3,166,490	(7,216)
Net cash provided by (used for) by operating activities	\$ 697,500	\$ 6,433,291	\$ 92,803	\$ 7,223,594	\$ (13,075)

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

City of Radford, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 83,588
Total assets	<u>\$ 83,588</u>
LIABILITIES	
Amounts held for social services clients	\$ 32,493
Amounts held for Highlander Festival	12,418
Amounts held for CSA program	38,677
Total liabilities	<u><u>\$ 83,588</u></u>

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

CITY OF RADFORD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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. Financial 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 jointly governs the Pepper's Ferry Regional Wastewater Treatment Authority with the Board of Supervisors for the Counties of Pulaski and Montgomery and the Town Councils of the Towns of Dublin and Pulaski. The Authority was created to operate a wastewater equalization, pumping, treatment, and disposal system for its members. The City appoints two members to the Authority's board of directors. During the current fiscal year, the City paid \$1,683,265 to the Pepper's Ferry Regional Wastewater Treatment Authority.

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

A. Financial Reporting Entity (Continued)

The City is also a member of the New River Resource Authority, which it jointly governs with the County of Pulaski, the Town of Pulaski, the Town of Dublin, and Counties of Montgomery and Giles. The City appoints two members to the Authority's seven-member board of directors. The City paid \$141,556 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 \$671,778 to the New River Regional Jail Authority for incarceration services.

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

The 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 unavailable revenues.

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

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

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

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

The government reports the following major governmental funds:

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

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

The *transit fund* accounts for and reports financial resources that are restricted to expenditure for the benefit of the City's transit system.

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Grants Fund and Highway Maintenance Fund are reported as nonmajor 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.

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

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

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

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

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

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

D. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City does not have any deferred outflows of resources as of June 30, 2014.

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

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

D. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. Under the accrual basis, the City has deferred inflows of resources consisting of property taxes in the amount of \$2,988,300, with \$2,778,340 of such amount representing 2nd half installments on the City's 2014 real estate levy and the remainder \$209,960 representing prepaid taxes.

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

1. Cash and cash equivalents

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.

2. Investments

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.

3. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) 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."

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

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,276,926 at June 30, 2014. The allowance consists of delinquent taxes in the amount of \$90,565, delinquent ambulance bills of \$39,797, delinquent utility tax bills of \$28,767, delinquent water and sewer bills of \$162,746, delinquent solid waste fees of \$68,415, and delinquent electric bills of \$886,636.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 1-Summary of Significant Accounting Policies: (Continued)**D. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance (Continued)****7. Capital assets**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2014.

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

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

8. 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.

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

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

9. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

10. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted—consist of assets that are restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

11. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

12. 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 1-Summary of Significant Accounting Policies: (Continued)

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

13. Fund equity

The City of Radford, Virginia follows provisions of GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

1. 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. All of the City's funds, excluding fiduciary funds, have legally adopted budgets.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. Only City Council can revise appropriations for each fund.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund. 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 commit that portion of the applicable appropriations, is part of the City's accounting system.

B. Excess of expenditures over appropriations

For the year ended June 30, 2014, no expenditures exceeded appropriations.

C. Deficit fund equity

At June 30, 2014, no funds reported a deficit in fund equity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 3-Deposits and Investments:Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"), Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's 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, 2014 were rated by Standard and Poor's rating scale and the ratings are presented below.

City's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 5,034,710

External Investment Pools

As the Local Government Investment Pool (LGIP) is not SEC registered, regulatory oversight of the pools rest with the Virginia State Treasury. LGIP maintains policies to operate in a manner consistent with SEC Rule 2a-7. The fair value of the positions in the external investment pools is the same as the value of the pool shares.

Note 4-Due from Other Governmental Units:

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

	<u>Primary Government</u>
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 114,269
Local communication tax	126,477
Categorical aid-other	733,398
Non-categorical aid	9,394
Categorical aid-Virginia Public Assistance	43,327
Categorical aid-Comprehensive Services Act	318,345
<u>Federal Government:</u>	
Categorical aid-Virginia Public Assistance	59,660
Categorical aid-other	<u>1,165,154</u>
Total	<u>\$ 2,570,024</u>

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 5-Interfund Transfers/Component Unit Contributions:

Interfund transfers for the year ended June 30, 2014, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 3,871,166	\$ 334,286
Capital Projects Fund	579,308	467,968
Grants Fund	15,493	-
Transit Fund	185,307	-
Solid Waste Fund	2,637	-
Electric Fund	1,594	4,187,862
Water and Sewer Fund	356,376	1,317
Highway Maintenance Fund	1,630	15,000
Internal Service Fund	10,049	-
Asset Transfers	(17,127)	-
Total	<u>\$ 5,006,433</u>	<u>\$ 5,006,433</u>

Primary government contributions to component units for the year ended June 30, 2014, consisted of the following and include the transfer of funds for debt-financed projects:

Component Unit:	
School Board	\$ 4,763,940
Industrial Development Authority	75,000
Total	<u>\$ 4,838,940</u>

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.

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations:Primary Government - Governmental Activities Indebtedness:

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2014.

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
General Obligation Bonds	\$ 23,582,010	\$ -	\$ (1,015,106)	\$ 22,566,904
Unamortized Premium	520,007	-	(27,133)	492,874
Capital Lease	301,732	-	(99,118)	202,614
Net OPEB obligation	60,816	17,902	(9,051)	69,667
Compensated Absences	630,208	473,006	(472,656)	630,558
Total	\$ 25,094,773	\$ 490,908	\$ (1,623,064)	\$ 23,962,617

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

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2015	\$ 992,445	\$ 952,652
2016	877,676	920,461
2017	907,228	886,191
2018	937,580	849,072
2019	818,975	811,615
2020-2024	4,132,073	3,486,853
2025-2029	4,876,203	2,411,356
2030-2034	3,855,160	1,413,430
2035-2039	1,626,992	837,658
2040-2044	1,802,904	511,749
2045-2049	1,456,532	208,768
2050	283,136	5,248
Totals	\$ 22,566,904	\$ 13,295,053

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)Primary Government - Governmental Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds:						
GO Bond	2.97%	4/7/2004	2015	2,202,000	\$ 209,103	\$ 209,103
GO Bond	4.6-5.1%	5/15/2008	2034	8,120,000	7,195,000	215,000
GO Bond	3.6-5.35%	12/11/2008	2029	5,797,690	4,563,514	256,000
GO Bond	Libor + .02%	7/15/2010	2025	425,000	354,000	26,000
GO Bond	4.00%	5/7/2010	2043	6,500,000	6,341,354	81,037
GO Bond	2.42%	12/18/2012	2020	1,385,906	1,018,933	205,305
GO Bond	3.22%	12/6/2012	2043	2,885,000	2,885,000	-
Subtotal GO Bonds					<u>\$ 22,566,904</u>	<u>\$ 992,445</u>
Add: Bond Premium	n/a	n/a	n/a	n/a	\$ 220,687	\$ -
Bond Premium	n/a	n/a	n/a	n/a	96,621	-
Bond Premium	n/a	n/a	n/a	n/a	175,566	-
Total GO Bonds					<u>\$ 23,059,778</u>	<u>\$ 992,445</u>
Other Obligations:						
Capital Lease	n/a	n/a	n/a	n/a	\$ 202,614	\$ 48,238
Net OPEB Obligation	n/a	n/a	n/a	n/a	69,667	-
Compensated Absences	n/a	n/a	n/a	n/a	630,558	472,919
Total Long-term Obligations					<u>\$ 23,962,617</u>	<u>\$ 1,513,602</u>

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)Primary Government - Business-type Activities Indebtedness:

The following is a summary of long-term debt transactions of the Enterprise Funds for the year ended June 30, 2014.

	Balance July 1, 2013	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2014
Revenue Bonds	\$ 931,229	\$ -	\$ (38,437)	\$ 892,792
General Obligation Bonds	3,220,221	-	(604,777)	2,615,444
Compensated Absences	248,867	186,509	(186,650)	248,726
Total	<u>\$ 4,400,317</u>	<u>186,509</u>	<u>\$ (829,864)</u>	<u>\$ 3,756,962</u>

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

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

Year Ending June 30,	Water/Wastewater Fund			
	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 38,437	\$ -	\$ 541,713	\$ 44,937
2016	38,437	-	587,229	34,213
2017	38,437	-	495,547	19,900
2018	38,437	-	480,577	9,620
2019	38,437	-	193,801	2,132
2020-2024	192,183	-	93,653	255
2024-2029	162,835	-	4,979	-
2030-2034	150,258	-	-	-
2035-2038	150,258	-	-	-
2039	45,073	-	-	-
Totals	<u>\$ 892,792</u>	<u>\$ -</u>	<u>\$ 2,397,499</u>	<u>\$ 111,057</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)Primary Government - Business-type Activities Indebtedness: (Continued)

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

Year Ending June 30,	Electric Fund	
	General Obligation	
	Principal	Interest
2015	\$ 43,914	\$ 3,613
2016	48,828	3,019
2017	49,808	2,039
2018	50,809	1,039
2019	19,848	230
2020	4,738	28
Totals	<u>\$ 217,945</u>	<u>\$ 9,968</u>

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6-Long-Term Obligations: (Continued)**Primary Government - Business-type Activities Indebtedness: (Continued)****Details of long-term indebtedness:**

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Water/Wastewater Fund						
Revenue Bonds:						
Revenue Bond	0.00%	9/29/2005	2026	\$ 167,700	\$ 96,427	\$ 8,385
Revenue Bond	0.00%	1/1/2010	2041	901,546	796,365	30,052
Total Revenue Bonds					<u>\$ 892,792</u>	<u>\$ 38,437</u>
General Obligation Bonds:						
GO Bond	2.97%	8/1/1996	2016	\$ 2,500,000	\$ 274,235	\$ 125,000
GO Bond	0.00%	7/30/2004	2024	337,660	104,487	9,951
GO Bond	2.42%	12/18/2012	2020	2,687,077	2,018,777	406,762
Total General Obligation Bonds					<u>\$ 2,397,499</u>	<u>\$ 541,713</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 75,175	\$ 56,381
Total Long-term Obligations-Water/Sewer Fund					<u>\$ 3,365,466</u>	<u>\$ 636,531</u>
Electric Fund						
General Obligation Bonds:						
GO Bond	2.42%	12/18/2012	2020	\$ 292,065	\$ 217,945	\$ 43,914
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 148,786	\$ 111,590
Total Long-term Obligations-Electric Fund					<u>\$ 366,731</u>	<u>\$ 155,504</u>
Other Funds						
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 24,765	\$ 18,574
Total Long-term Obligations-Other Funds					<u>\$ 24,765</u>	<u>\$ 18,574</u>
Total Long-term Obligations					<u>\$ 3,756,962</u>	<u>\$ 810,609</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 7-Pension Plan:

A. Plan Description

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees - Plan 1, Plan 2, and, Hybrid. Each plan has different eligibility and benefit structures as set out below:

VRS – PLAN 1

1. **Plan Overview** - VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

Note 7-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

4. **Retirement Contributions** - Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
5. **Creditable Service** - Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
6. **Vesting** - Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

7. **Calculating the Benefit** - The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

8. **Average Final Compensation** - A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
10. **Normal Retirement Age** - Age 65.

Note 7-Pension Plan: (Continued)

A. **Plan Description** (Continued)

VRS – PLAN 1 (Continued)

- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

- 14. Eligibility** - For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

The remainder of this page left blank intentionally.

Note 7-Pension Plan: (Continued)

A. Plan Description (Continued)

VRS – PLAN 1 (Continued)

15. Exceptions to COLA Effective Dates - The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

16. Disability Coverage - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service - Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

Note 7-Pension Plan: (Continued)

A. **Plan Description** (Continued)

VRS – PLAN 2

1. **Plan Overview** - VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
2. **Eligible Members** - Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
3. **Hybrid Opt-In Election** - VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

4. **Retirement Contributions** - Same as VRS Plan 1–Refer to Section 4.
5. **Creditable Service** - Same as VRS Plan 1– Refer to Section 5.
6. **Vesting** - Same as VRS Plan 1–Refer to Section 6.
7. **Calculating the Benefit** - Same as VRS Plan 1–Refer to Section 7.
8. **Average Final Compensation** - A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
9. **Service Retirement Multiplier** - Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.
10. **Normal Retirement Age** - Normal Social Security retirement age.

Note 7-Pension Plan: (Continued)

A. **Plan Description** (Continued)

VRS – PLAN 2 (Continued)

- 11. Earliest Unreduced Retirement Eligibility** - Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

- 12. Earliest Reduced Retirement Eligibility** - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

- 13. Cost-of-Living Adjustment (COLA) in Retirement** - The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

- 14. Eligibility** - Same as VRS Plan 1–Refer to Section 14.

- 15. Exceptions to COLA Effective Dates** - Same as VRS Plan 1–Refer to Section 15.

- 16. Disability Coverage** - Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

- 17. Purchase of Prior Service** - Same as VRS Plan 1–Refer to Section 17.

The remainder of this page left blank intentionally.

Note 7-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIRMENT PLAN

1. **Plan Overview** - The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See “Eligible Members”)
 - The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
2. **Eligible Members** - Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014.

The remainder of this page left blank intentionally.

Note 7-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIRMENT PLAN (Continued)
--

3. ***Non-Eligible Members** - Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

4. **Retirement Contributions** - A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

5. **Creditable Service**

Defined Benefit Component - Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contribution Component - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Note 7-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIRMENT PLAN (Continued)
--

6. Vesting

Defined Benefit Component - Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contribution Component - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70½.

7. Calculating the Benefit

Defined Benefit Component - Same as VRS Plan 1–Refer to Section 7.

Defined Contribution Component - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

- 8. Average Final Compensation** - Same as VRS Plan 2–Refer to Section 8. It is used in the retirement formula for the defined benefit component of the plan.

- 9. Service Retirement Multiplier** - The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Note 7-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIRMENT PLAN (Continued)
--

10. Normal Retirement Age

Defined Benefit Component - Same as VRS Plan 2–Refer to Section 10.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

Defined Benefit Component - Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

Defined Benefit Component - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component - Same as VRS Plan 2–Refer to Section 13.

Defined Contribution Component - Not Applicable.

14. Eligibility - Same as VRS Plan 1 and VRS Plan 2–Refer to Section 14.

15. Exceptions to COLA Effective Dates - Same as VRS Plan 1 and VRS Plan 2–Refer to Section 15.

The remainder of this page left blank intentionally.

Note 7-Pension Plan: (Continued)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (Continued)

- 16. Disability Coverage** - Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

17. Purchase of Prior Service

Defined Benefit Component - Same as VRS Plan 1 and VRS Plan 2—Refer to Section 17.

Defined Contribution Component - Not Applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the City 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's contribution rate for the fiscal year ended 2014 was 13.21% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 7-Pension Plan: (Continued)**C. Annual Pension Cost**

For fiscal year 2014, the City of Radford, Virginia's annual pension cost of \$1,242,434 was equal to the City of Radford, Virginia's required and actual contributions.

Three-Year Trend Information			
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)(1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2014	\$ 1,242,434	100%	\$ -
June 30, 2013	1,195,957	100%	-
June 30, 2012	1,191,804	100%	-

1. Employer costs only.

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, 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 for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City'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's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the City's plan was 73.19% funded. The actuarial accrued liability for benefits was \$45,730,960, and the actuarial value of assets was \$33,468,238, resulting in an unfunded actuarial accrued liability (UAAL) of \$12,262,722. The covered payroll (annual payroll of active employees covered by the plan) was \$9,164,980 and ratio of the UAAL to the covered payroll was 133.80%.

The schedule of funding progress, presented as Required Supplementary Information (RSI) 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 8-Other Postemployment Benefits-Health Insurance:

From an accrual accounting perspective, the cost of postemployment 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 postemployment 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 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 45 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, 2014:

Participants	Monthly Premium
Employee	\$ 594

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, 2014

Note 8-Other Postemployment Benefits-Health Insurance: (Continued)**C. Annual OPEB Cost and Net OPEB Obligation**

For 2014, the City's annual OPEB cost (expense) was \$17,902 and the ARC was \$17,872. The obligation calculation is as follows:

Annual required contribution	\$ 17,872
Interest on net OPEB obligation	2,433
Adjustment to annual required contribution	(2,403)
Annual OPEB cost (expense)	<u>\$ 17,902</u>
Contributions made	9,051
Increase in net OPEB obligation	<u>\$ 8,851</u>
Net OPEB obligation - beginning of year	60,816
Net OPEB obligation - ending of year	<u>\$ 69,667</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 17,902	51%	\$ 69,667
6/30/2013	19,895	53%	60,816
6/30/2012	23,711	67%	42,237

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2014 (the most recent valuation date), was as follows:

Actuarial accrued liability (AAL)	\$ 282,800
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 282,800
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,491,973
UAAL as a percentage of covered payroll	18.95%

Note 8-Other Postemployment Benefits-Health Insurance: (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, 2014, the most recent 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 5.80% graded to 6.00%. The UAAL is being amortized as a level percentage on an open basis over the remaining amortization period, which at June 30, 2014, was 25.3 years.

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 9-Unavailable/Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$3,548,943 and unearned revenue totaling \$24,100 is comprised of the following:

Unavailable revenue

Unavailable property tax revenue totaling \$3,278,398 represent uncollected property tax billings that are not available for the funding of current expenditures.

Unavailable ambulance billings totaling \$60,585 represent uncollected ambulance billings that are not available for the funding of current expenditures.

Prepaid Property Taxes - Property taxes totaling \$209,960 not due until December 5, 2014, but paid prior to June 30, 2014.

Other - Booth rentals and donations for the City's July 4th celebration received in advance of year end totaled \$24,100.

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 10-Capital Assets:

Capital asset activity for the year ended June 30, 2014 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	1,336,231	3,191,005	-	4,527,236
Total capital assets not being depreciated	<u>\$ 3,930,156</u>	<u>\$ 3,191,005</u>	<u>\$ -</u>	<u>\$ 7,121,161</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 37,289,251	\$ 33,722	\$ (205,444)	\$ 37,117,529
Infrastructure	50,420,955	57,000	-	50,477,955
Machinery and equipment	11,728,480	1,573,630	(1,602,243)	11,699,867
Total capital assets being depreciated	<u>\$ 99,438,686</u>	<u>\$ 1,664,352</u>	<u>\$ (1,807,687)</u>	<u>\$ 99,295,351</u>
Accumulated depreciation:				
Buildings and improvements	\$ (5,888,575)	\$ (800,191)	\$ 155,151	\$ (6,533,615)
Infrastructure	(29,054,373)	(814,257)	-	(29,868,630)
Machinery and equipment	(7,874,831)	(851,924)	1,534,222	(7,192,533)
Total accumulated depreciation	<u>\$ (42,817,779)</u>	<u>\$ (2,466,372)</u>	<u>\$ 1,689,373</u>	<u>\$ (43,594,778)</u>
Total capital assets being depreciated, net	<u>\$ 56,620,907</u>	<u>\$ (802,020)</u>	<u>\$ (118,314)</u>	<u>\$ 55,700,573</u>
Governmental activities capital assets, net	<u>\$ 60,551,063</u>	<u>\$ 2,388,985</u>	<u>\$ (118,314)</u>	<u>\$ 62,821,734</u>

Asset additions include assets transferred from other funds of \$80,387. Depreciation addition includes accumulated depreciation on assets transferred from other funds of \$68,488.

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 10-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	28,179	295	-	28,474
Total capital assets not being depreciated	<u>\$ 740,677</u>	<u>\$ 295</u>	<u>\$ -</u>	<u>\$ 740,972</u>
Capital assets, being depreciated:				
Buildings and structures	\$ 439,039	\$ 13,077	\$ -	\$ 452,116
Machinery and equipment	8,160,795	539,132	(3,900,348)	4,799,579
Plant and infrastructure	46,708,012	300,272	-	47,008,284
Total capital assets being depreciated	<u>\$ 55,307,846</u>	<u>\$ 852,481</u>	<u>\$ (3,900,348)</u>	<u>\$ 52,259,979</u>
Accumulated depreciation:				
Buildings and structures	\$ (171,033)	\$ (12,666)	\$ -	\$ (183,699)
Machinery and equipment	(6,076,837)	(304,888)	3,896,081	(2,485,644)
Plant and infrastructure	(29,887,579)	(1,352,879)	-	(31,240,458)
Total accumulated depreciation	<u>\$ (36,135,449)</u>	<u>\$ (1,670,433)</u>	<u>\$ 3,896,081</u>	<u>\$ (33,909,801)</u>
Total capital assets being depreciated, net	<u>\$ 19,172,397</u>	<u>\$ (817,952)</u>	<u>\$ (4,267)</u>	<u>\$ 18,350,178</u>
Business-type activities capital assets, net	<u>\$ 19,913,074</u>	<u>\$ (817,657)</u>	<u>\$ (4,267)</u>	<u>\$ 19,091,150</u>

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 10-Capital Assets: (Continued)

Primary Government: (Continued)

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

Governmental activities:

General government administration	\$ 178,079
Judicial administration	12,958
Public safety	422,916
Public works	926,238
Health and welfare	6,170
Education	278,354
Parks, recreation, and culture	286,991
Community Development	277,021
Internal service funds	<u>9,157</u>

Total depreciation expense-governmental activities	<u>\$ 2,397,884</u>
--	---------------------

Business type activities:

Water and Sewer Fund	\$ 907,353
Electric Fund	659,532
Solid Waste Fund	<u>103,548</u>

Total depreciation expense-business type activities	<u>\$ 1,670,433</u>
---	---------------------

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.

Remaining portion of this page left blank intentionally.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 11-Capital Leases:

The City has entered into lease agreements 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 future minimum lease payments at the date of inception.

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

	<u>Fire Truck</u>
Machinery & Equipment	\$ 900,638
Accumulated Depreciation	<u>(189,307)</u>
Total	<u><u>\$ 711,331</u></u>

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

Fiscal Year Ended	Leases
2015	\$ 54,892
2016	54,770
2017	54,645
2018	<u>54,515</u>
Total minimum lease payments	\$ 218,822
Less: amount representing interest	<u>(16,208)</u>
Present value of minimum lease payments	<u><u>\$ 202,614</u></u>

Note 12-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, 2014

Note 13-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 14-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

Ann Howard, Clerk of Circuit Court	\$ 190,000
Janet H. Jones, Treasurer	500,000
Cathy Flinchum, Commissioner of Revenue	3,000
Mark Armentrout, Sherriff	30,000

Note15-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 \$4,068 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.

The City was involved in major construction projects during the fiscal year, as presented below:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2014
Second Avenue Project	\$ 5,307,267	\$ 1,733,941

Note 16-Arbitrage Rebate Compliance:

As of June 30, 2014 and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

CITY OF RADFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**Note 17-Restricted and Committed Fund Balance:**

Governmental Activities/Funds:	General Fund	Capital Projects Fund	Transit Fund	Highway Maintenance Fund	Grants Fund	Total
Restricted:						
Hazmat operations	\$ 153,812	\$ -	\$ -	\$ -	\$ -	\$ 153,812
Fire donations	82,204	-	-	-	-	82,204
Police department	37,612	-	-	-	-	37,612
Four for life program	62,093	-	-	-	-	62,093
Fire programs	302,192	-	-	-	-	302,192
Recreation donations	91,671	-	-	-	-	91,671
Library donations	1,204	-	-	-	-	1,204
Courthouse maintenance	28,569	-	-	-	-	28,569
Law library	15,352	-	-	-	-	15,352
Beautification donations	14,627	-	-	-	-	14,627
Inmate booking	16,982	-	-	-	-	16,982
Transit operations	-	-	162,561	-	-	162,561
Total restricted balances	\$ 806,318	\$ -	\$ 162,561	\$ -	\$ -	\$ 968,879
Governmental Funds:						
Committed funds:						
Library fines/copier fees/donations	\$ 90,282	\$ -	\$ -	\$ -	\$ -	\$ 90,282
Project lifesaver	1,102	-	-	-	-	1,102
Volunteer service awards	45,505	-	-	-	-	45,505
DMV revenues	67,422	-	-	-	-	67,422
School Board	2,676,359	-	-	-	-	2,676,359
Capital projects	-	1,437,654	-	-	-	1,437,654
Highway maintenance	-	-	-	83,712	-	83,712
Grants fund	-	-	-	-	25,719	25,719
Total committed balances	\$ 2,880,670	\$ 1,437,654	\$ -	\$ 83,712	\$ 25,719	\$ 4,427,755

Note 18-Litigation:

At June 30, 2014, there were no matters of litigation involving the City for which would materially affect the City's financial position should any court decisions on pending matters not be favorable to the City.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 19-Upcoming Pronouncements:

The Governmental Accounting Standards Board (GASB) has issued Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 will require governments with defined benefit pension plans to disclose a “net pension liability” on their balance sheets. That liability equals the difference between the total pension liability and the value of assets set aside in a pension plan to pay benefits. The statement calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability, plus the effect of changes in benefit terms on the net pension liability. These standards will be effective for fiscal years ending June 30, 2014 (67) and June 30, 2015 (68). The City believes the implementation of Statement No. 68 will significantly impact the City’s net position; however no formal study or estimate of the impact of this standard has been performed.

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, 2014

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 7,602,486	\$ 7,602,486	\$ 7,601,010	\$ (1,476)
Other local taxes	3,776,211	3,776,211	3,871,078	94,867
Permits, privilege fees, and regulatory licenses	44,620	44,620	55,541	10,921
Fines and forfeitures	270,060	292,665	250,698	(41,967)
Revenue from the use of money and property	169,435	169,435	167,885	(1,550)
Charges for services	642,380	642,380	745,827	103,447
Miscellaneous	2,432,344	2,459,837	2,479,930	20,093
Recovered costs	2,500	2,500	4,021	1,521
Intergovernmental:				
Commonwealth	4,635,818	4,722,768	4,753,882	31,114
Federal	791,331	791,331	663,896	(127,435)
Total revenues	\$ 20,367,185	\$ 20,504,233	\$ 20,593,768	\$ 89,535
EXPENDITURES				
Current:				
General government administration	\$ 2,366,694	\$ 2,354,194	\$ 2,319,337	\$ 34,857
Judicial administration	1,209,285	1,242,454	1,240,070	2,384
Public safety	6,666,501	6,753,941	6,666,992	86,949
Public works	938,364	992,281	975,015	17,266
Health and welfare	2,943,502	2,972,308	2,958,028	14,280
Education	5,669,383	5,765,559	4,771,004	994,555
Parks, recreation, and cultural	1,980,793	2,011,422	2,007,961	3,461
Community development	469,744	453,695	453,692	3
Nondepartmental	-	3,117	3,192	(75)
Debt service:				
Principal retirement	1,077,548	1,077,548	1,089,224	(11,676)
Interest and other fiscal charges	1,012,010	1,012,010	1,000,308	11,702
Total expenditures	\$ 24,333,824	\$ 24,638,529	\$ 23,484,823	\$ 1,153,706
Excess (deficiency) of revenues over (under) expenditures	\$ (3,966,639)	\$ (4,134,296)	\$ (2,891,055)	\$ 1,243,241
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,751,946	\$ 3,871,166	\$ 3,871,166	\$ -
Transfers out	(185,307)	(278,899)	(334,286)	(55,387)
Total other financing sources (uses)	\$ 3,566,639	\$ 3,592,267	\$ 3,536,880	\$ (55,387)
Net change in fund balances	\$ (400,000)	\$ (542,029)	\$ 645,825	\$ 1,187,854
Fund balances - beginning	400,000	542,029	6,372,379	5,830,350
Fund balances - ending	\$ -	\$ -	\$ 7,018,204	\$ 7,018,204

Note: GAAP serves as the budgetary basis of accounting

City of Radford, Virginia
Transit Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 22,763	\$ (7,237)
Miscellaneous	602,851	602,851	540,387	(62,464)
Intergovernmental:				-
Commonwealth	340,565	340,565	282,479	(58,086)
Federal	2,162,843	2,162,843	1,247,490	(915,353)
Total revenues	<u>\$ 3,136,259</u>	<u>\$ 3,136,259</u>	<u>\$ 2,093,119</u>	<u>\$ (1,043,140)</u>
EXPENDITURES				
Current:				
Community development	\$ 3,321,566	\$ 4,150,250	\$ 2,200,649	\$ 1,949,601
Total expenditures	<u>\$ 3,321,566</u>	<u>\$ 4,150,250</u>	<u>\$ 2,200,649</u>	<u>\$ 1,949,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (185,307)</u>	<u>\$ (1,013,991)</u>	<u>\$ (107,530)</u>	<u>\$ 906,461</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 185,307	\$ 185,307	\$ 185,307	\$ -
Total other financing sources (uses)	<u>\$ 185,307</u>	<u>\$ 185,307</u>	<u>\$ 185,307</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (828,684)	\$ 77,777	\$ 906,461
Fund balances - beginning	-	828,684	84,784	(743,900)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,561</u>	<u>\$ 162,561</u>

Note: GAAP serves as the budgetary basis of accounting

City of Radford, Virginia

Schedule of Pension and OPEB Funding Progress
For the Year Ended June 30, 2014

Primary Government: City Retirement Plan

Actuarial Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013	\$ 33,468,238	\$ 45,730,960	\$ 12,262,722	73.19%	\$ 9,164,980	133.80%
6/30/2012	32,560,966	45,523,925	12,962,959	71.52%	8,243,800	157.24%
6/30/2011	33,135,088	43,831,544	10,696,456	75.60%	8,516,287	125.60%

City Retirees Healthcare Plan

Actuarial Valuation as of(1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2014	\$ -	\$ 282,800	\$ 282,800	0.00%	\$ 1,491,973	18.95%
6/30/2012	-	309,429	309,429	0.00%	1,624,980	19.04%
6/30/2011	-	367,844	367,844	0.00%	1,953,383	18.83%

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, 2014

	<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				
Miscellaneous	\$ -	\$ 10,000	\$ 9,800	\$ (200)
Intergovernmental:				
Commonwealth	2,364,201	2,364,201	1,786,662	(577,539)
Federal	500,000	500,000	-	(500,000)
Total revenues	<u>\$ 2,864,201</u>	<u>\$ 2,874,201</u>	<u>\$ 1,796,462</u>	<u>\$ (1,077,739)</u>
EXPENDITURES				
Capital projects	\$ 4,997,329	\$ 5,231,361	\$ 3,279,737	\$ 1,951,624
Total expenditures	<u>\$ 4,997,329</u>	<u>\$ 5,231,361</u>	<u>\$ 3,279,737</u>	<u>\$ 1,951,624</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,133,128)</u>	<u>\$ (2,357,160)</u>	<u>\$ (1,483,275)</u>	<u>\$ 873,885</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 579,308	\$ 579,308	\$ -
Transfers out	-	(594,803)	(467,968)	126,835
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (15,495)</u>	<u>\$ 111,340</u>	<u>\$ 126,835</u>
Net change in fund balances	<u>\$ (2,133,128)</u>	<u>\$ (2,372,655)</u>	<u>\$ (1,371,935)</u>	<u>\$ 1,000,720</u>
Fund balances - beginning	2,133,128	2,372,655	2,809,589	436,934
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,437,654</u>	<u>\$ 1,437,654</u>

City of Radford, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>Special Revenue Funds</u>		
	<u>Grants Fund</u>	<u>Highway Maintenance Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 828,468	\$ 828,468
Receivables (net of allowance for uncollectibles)			
Accounts receivable	4,387	32,675	37,062
Due from other governmental units	79,299	-	79,299
Prepaid items	808	11,051	11,859
Total assets	<u>\$ 84,494</u>	<u>\$ 872,194</u>	<u>\$ 956,688</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 10,835	\$ 557,810	\$ 568,645
Accrued wages payable	2,594	36,589	39,183
Accrued vacation and sick pay	-	11,811	11,811
Due to other funds	-	171,221	171,221
Reconciled overdraft	44,538	-	44,538
Total liabilities	<u>\$ 57,967</u>	<u>\$ 777,431</u>	<u>\$ 835,398</u>
Fund balances:			
Nonspendable	\$ 808	\$ 11,051	\$ 11,859
Committed	25,719	83,712	109,431
Total fund balances	<u>\$ 26,527</u>	<u>\$ 94,763</u>	<u>\$ 121,290</u>
Total liabilities and fund balances	<u>\$ 84,494</u>	<u>\$ 872,194</u>	<u>\$ 956,688</u>

City of Radford, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	<u>Special Revenue Funds</u>		
	<u>Grants Fund</u>	<u>Highway Maintenance Fund</u>	<u>Total</u>
REVENUES			
Revenue from the use of money and property	\$ -	\$ 113	\$ 113
Charges for services	-	35,070	35,070
Miscellaneous	10,218	-	10,218
Recovered costs	-	2,902	2,902
Intergovernmental:			
Commonwealth	125,522	2,079,984	2,205,506
Federal	287,105	-	287,105
Total revenues	<u>\$ 422,845</u>	<u>\$ 2,118,069</u>	<u>\$ 2,540,914</u>
EXPENDITURES			
Current:			
Public safety	\$ 226,191	\$ -	\$ 226,191
Public works	6,756	2,487,597	2,494,353
Health and welfare	100	-	100
Parks, recreation, and cultural	10,800	-	10,800
Community development	125,783	-	125,783
Debt service:			
Principal retirement	25,000	-	25,000
Interest and other fiscal charges	7,466	-	7,466
Total expenditures	<u>\$ 402,096</u>	<u>\$ 2,487,597</u>	<u>\$ 2,889,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 20,749</u>	<u>\$ (369,528)</u>	<u>\$ (348,779)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 15,493	\$ 1,630	\$ 17,123
Transfers out	-	(15,000)	(15,000)
Total other financing sources (uses)	<u>\$ 15,493</u>	<u>\$ (13,370)</u>	<u>\$ 2,123</u>
Net change in fund balances	\$ 36,242	\$ (382,898)	\$ (346,656)
Fund balances - beginning	(9,715)	477,661	467,946
Fund balances - ending	<u>\$ 26,527</u>	<u>\$ 94,763</u>	<u>\$ 121,290</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, 2014

	Grants Fund			Highway Maintenance Fund		
	Budgeted Amounts		Actual	Budgeted Amounts		Actual
	Original	Final		Original	Final	
REVENUES						
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ 150	\$ 150	\$ 113
Charges for services	-	-	-	34,600	34,600	35,070
Miscellaneous	10,000	15,000	10,218	(4,782)	-	-
Recovered costs	-	-	-	-	-	2,902
Intergovernmental:						
Commonwealth	25,000	115,519	125,522	10,003	2,035,314	2,079,984
Federal	37,634	381,929	287,105	(94,824)	-	-
Total revenues	\$ 72,634	\$ 512,448	\$ 422,845	\$ (89,603)	\$ 2,113,888	\$ 2,118,069
						\$ 4,181
EXPENDITURES						
Current:						
Public safety	\$ 16,643	\$ 272,836	\$ 226,191	\$ 46,645	\$ -	\$ -
Public works	-	6,328	6,756	(428)	2,128,641	2,487,597
Health and welfare	390	390	100	290	-	-
Parks, recreation, and cultural	-	50,000	10,800	39,200	-	-
Community development	49,023	162,332	125,783	36,549	-	-
Debt service:						
Principal retirement	-	25,000	25,000	-	-	-
Interest and other fiscal charges	-	7,447	7,466	(19)	-	-
Total expenditures	\$ 66,056	\$ 524,333	\$ 402,096	\$ 122,237	\$ 2,128,641	\$ 2,487,597
						\$ (141,291)
Excess (deficiency) of revenues over (under) expenditures	\$ 6,578	\$ (11,885)	\$ 20,749	\$ 32,634	\$ (58,577)	\$ (369,528)
						\$ (137,110)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 8,914	\$ 15,493	\$ 6,579	\$ -	\$ 1,630
Transfers out	(6,578)	-	-	-	(15,000)	(15,000)
Total other financing sources (uses)	\$ (6,578)	\$ 8,914	\$ 15,493	\$ 6,579	\$ (13,370)	\$ (13,370)
						\$ -
Net change in fund balances	\$ -	\$ (2,971)	\$ 36,242	\$ 39,213	\$ (73,577)	\$ (382,898)
Fund balances - beginning	-	2,971	(9,715)	(12,686)	73,577	477,661
Fund balances - ending	\$ -	\$ -	\$ 26,527	\$ 26,527	\$ -	\$ 94,763

City of Radford, Virginia
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	Agency Funds			
	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2014</u>
ASSETS				
Cash and cash equivalents:				
Special Welfare Fund	\$ 7,372	\$ 77,594	\$ 52,473	\$ 32,493
Highlander Festival	10,179	27,126	24,887	12,418
CSA Regional Program	28,072	17,785	7,180	38,677
Total assets	<u>\$ 45,623</u>	<u>\$ 122,505</u>	<u>\$ 84,540</u>	<u>\$ 83,588</u>
LIABILITIES				
Amounts held for others:				
Social services clients	\$ 7,372	\$ 77,594	\$ 52,473	\$ 32,493
Highlander Festival	10,179	27,126	24,887	12,418
CSA Regional Program	28,072	17,785	7,180	38,677
Total liabilities	<u>\$ 45,623</u>	<u>\$ 122,505</u>	<u>\$ 84,540</u>	<u>\$ 83,588</u>

Supporting Schedules

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 1 of 7

<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	\$ 5,991,800	\$ 5,991,800	\$ 5,997,361	\$ 5,561
Real and personal public service corporation taxes	206,000	206,000	144,542	(61,458)
Personal property taxes	675,000	675,000	699,387	24,387
Mobile home taxes	3,500	3,500	3,379	(121)
Machinery and tools taxes	292,486	292,486	333,371	40,885
Furniture and fixtures	358,550	358,550	327,521	(31,029)
Penalties and interest	75,150	75,150	95,449	20,299
Total general property taxes	<u>\$ 7,602,486</u>	<u>\$ 7,602,486</u>	<u>\$ 7,601,010</u>	<u>\$ (1,476)</u>
Other local taxes:				
Local sales and use taxes	\$ 993,212	\$ 993,212	\$ 963,013	\$ (30,199)
Consumers' utility taxes	550,084	550,084	597,428	47,344
Tobacco tax	77,000	77,000	64,763	(12,237)
Business license taxes	465,000	465,000	465,200	200
Franchise license tax	40,000	40,000	60,626	20,626
Motor vehicle licenses	198,000	198,000	193,711	(4,289)
Bank stock taxes	157,000	157,000	175,064	18,064
Taxes on recordation and wills	115,000	115,000	94,551	(20,449)
Hotel and motel room taxes	179,500	179,500	170,142	(9,358)
Restaurant food taxes	1,001,415	1,001,415	1,086,580	85,165
Total other local taxes	<u>\$ 3,776,211</u>	<u>\$ 3,776,211</u>	<u>\$ 3,871,078</u>	<u>\$ 94,867</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,000	\$ 3,000	\$ 3,792	\$ 792
Transfer fees	250	250	307	57
Zoning advertising fees	3,000	3,000	-	(3,000)
Zoning fees	3,000	3,000	4,100	1,100
Permits and other licenses	35,370	35,370	47,342	11,972
Total permits, privilege fees, and regulatory licenses	<u>\$ 44,620</u>	<u>\$ 44,620</u>	<u>\$ 55,541</u>	<u>\$ 10,921</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 270,060	\$ 292,665	\$ 250,698	\$ (41,967)
Total fines and forfeitures	<u>\$ 270,060</u>	<u>\$ 292,665</u>	<u>\$ 250,698</u>	<u>\$ (41,967)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 3,800	\$ 3,800	\$ 2,487	\$ (1,313)
Revenue from use of property	165,635	165,635	165,398	(237)
Total revenue from use of money and property	<u>\$ 169,435</u>	<u>\$ 169,435</u>	<u>\$ 167,885</u>	<u>\$ (1,550)</u>

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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	\$ 26,780	\$ 26,780	\$ 23,815	\$ (2,965)
Charges for courthouse maintenance	6,000	6,000	6,175	175
Charges for courtroom security	33,600	33,600	33,990	390
Charges for Collection fees	45,000	45,000	49,004	4,004
Miscellaneous jail and inmate fees	5,425	5,425	8,111	2,686
Charges for Commonwealth's Attorney	2,500	2,500	4,277	1,777
Charges for rescue services	370,000	370,000	452,230	82,230
Animal protection services	2,900	2,900	3,588	688
Charges for parks and recreation	80,000	80,000	92,531	12,531
Charges for DMV Registrations	20,000	20,000	36,781	16,781
Other charges for services	31,375	31,375	18,911	(12,464)
Charges for law library	2,800	2,800	2,661	(139)
Charges for library	16,000	16,000	13,753	(2,247)
Total charges for services	<u>\$ 642,380</u>	<u>\$ 642,380</u>	<u>\$ 745,827</u>	<u>\$ 103,447</u>
Miscellaneous revenue:				
Miscellaneous	\$ 5,800	\$ 33,293	\$ 84,364	\$ 51,071
Revenue sharing payments - Montgomery	165,000	165,000	162,920	(2,080)
Revenue sharing payments - Pulaski	57,000	57,000	47,472	(9,528)
Gifts and donations	90,725	90,725	71,355	(19,370)
Payments in lieu of taxes	2,113,819	2,113,819	2,113,819	-
Total miscellaneous revenue	<u>\$ 2,432,344</u>	<u>\$ 2,459,837</u>	<u>\$ 2,479,930</u>	<u>\$ 20,093</u>
Recovered costs:				
Insurance recoveries	\$ 2,500	\$ 2,500	\$ 4,021	\$ 1,521
Total recovered costs	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 4,021</u>	<u>\$ 1,521</u>
Total revenue from local sources	<u>\$ 14,940,036</u>	<u>\$ 14,990,134</u>	<u>\$ 15,175,990</u>	<u>\$ 185,856</u>

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 3 of 7

<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:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling Stock Tax	\$ 25,000	\$ 25,000	\$ 27,382	\$ 2,382
Mobile home titling tax	3,000	3,000	915	(2,085)
Motor vehicle rental tax	47,500	47,500	43,470	(4,030)
Communications tax	777,000	777,000	750,578	(26,422)
State tax on deeds	30,000	30,000	30,787	787
Personal property tax relief funds	625,657	625,657	625,657	-
Total noncategorical aid	\$ 1,508,157	\$ 1,508,157	\$ 1,478,789	\$ (29,368)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 246,618	\$ 246,618	\$ 244,640	\$ (1,978)
Sheriff	292,229	292,229	281,103	(11,126)
Commissioner of revenue	73,567	73,567	72,494	(1,073)
Treasurer	84,581	84,581	82,977	(1,604)
Registrar/electoral board	38,385	38,385	36,652	(1,733)
Clerk of the Circuit Court	184,392	184,392	191,248	6,856
Total shared expenses	\$ 919,772	\$ 919,772	\$ 909,114	\$ (10,658)
Other categorical aid:				
Public assistance and welfare administration	\$ 647,453	\$ 647,453	\$ 490,065	\$ (157,388)
Comprehensive services act	816,414	816,414	1,005,559	189,145
Assistance to local police departments	468,832	468,832	468,832	-
VHDA funds	42,000	42,000	29,496	(12,504)
VJCCA funds	10,199	10,199	10,199	-
Library grant	142,941	142,941	142,941	-
Wireless E-911 payment state grant	40,000	40,000	41,192	1,192
Emergency services funds	30,000	30,000	32,062	2,062
Health Department Grant	-	86,950	86,950	-
Spay and Neuter Grant	40	40	9	(31)
Fire program	10,010	10,010	49,278	39,268
4-for-life funds	-	-	9,396	9,396
Total other categorical aid	\$ 2,207,889	\$ 2,294,839	\$ 2,365,979	\$ 71,140
Total categorical aid	\$ 3,127,661	\$ 3,214,611	\$ 3,275,093	\$ 60,482
Total revenue from the Commonwealth	\$ 4,635,818	\$ 4,722,768	\$ 4,753,882	\$ 31,114

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 791,331	\$ 791,331	\$ 663,442	\$ (127,889)
Other federal categorical aid	-	-	454	454
Total categorical aid	\$ 791,331	\$ 791,331	\$ 663,896	\$ (127,435)
Total revenue from the federal government	\$ 791,331	\$ 791,331	\$ 663,896	\$ (127,435)
Total General Fund	\$ 20,367,185	\$ 20,504,233	\$ 20,593,768	\$ 89,535
Special Revenue Funds:				
Grants Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 1,718	\$ 1,718
USTA grant	10,000	15,000	8,500	(6,500)
Total miscellaneous revenue	\$ 10,000	\$ 15,000	\$ 10,218	\$ (4,782)
Total revenue from local sources	\$ 10,000	\$ 15,000	\$ 10,218	\$ (4,782)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Crime victim assistance	\$ -	\$ 84,191	\$ 84,194	\$ 3
Litter control	-	6,328	6,328	-
Brownfield restoration/economic development grant	25,000	25,000	35,000	10,000
Total categorical aid	\$ 25,000	\$ 115,519	\$ 125,522	\$ 10,003
Total revenue from the Commonwealth	\$ 25,000	\$ 115,519	\$ 125,522	\$ 10,003

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 1
Page 5 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Grants Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Hud entitlement grants	\$ 22,086	\$ 157,839	\$ 127,753	\$ (30,086)
Safe neighborhood grant	-	-	3,189	3,189
Edward Byrne Law Enforcement Grant	6,033	21,674	15,997	(5,677)
Asset Forfeiture - Records Preservation	-	59,670	59,670	-
Game and Inland Fisheries	-	50,000	-	(50,000)
State Homeland Security Program	8,596	71,782	69,782	(2,000)
State and community highway safety	919	20,964	10,714	(10,250)
Total categorical aid	\$ 37,634	\$ 381,929	\$ 287,105	\$ (94,824)
Total revenue from the federal government	\$ 37,634	\$ 381,929	\$ 287,105	\$ (94,824)
Total Grants Fund	\$ 72,634	\$ 512,448	\$ 422,845	\$ (89,603)
Highway Maintenance Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 150	\$ 150	\$ 113	\$ (37)
Total revenue from use of money and property	\$ 150	\$ 150	\$ 113	\$ (37)
Charges for services:				
Charges for street maintenance	\$ 600	\$ 600	\$ -	\$ (600)
Right of way fees	34,000	34,000	35,070	1,070
Total charges for services	\$ 34,600	\$ 34,600	\$ 35,070	\$ 470
Recovered costs:				
Insurance recoveries	\$ -	\$ -	\$ 2,902	\$ 2,902
Total recovered costs	\$ -	\$ -	\$ 2,902	\$ 2,902
Total revenue from local sources	\$ 34,750	\$ 34,750	\$ 38,085	\$ 3,335
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Highway maintenance funds	\$ 2,035,314	\$ 2,079,138	\$ 2,079,984	\$ 846
Total categorical aid	\$ 2,035,314	\$ 2,079,138	\$ 2,079,984	\$ 846
Total revenue from the Commonwealth	\$ 2,035,314	\$ 2,079,138	\$ 2,079,984	\$ 846
Total Highway Maintenance Fund	\$ 2,070,064	\$ 2,113,888	\$ 2,118,069	\$ 4,181

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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>
Transit Fund				
Revenue from local sources:				
Charges for services:				
Fares	\$ 15,000	\$ 15,000	\$ 22,763	\$ 7,763
Advertising fees	15,000	15,000	-	(15,000)
Total charges for services	\$ 30,000	\$ 30,000	\$ 22,763	\$ (7,237)
Miscellaneous revenue:				
Contributions from Radford University	\$ 602,851	\$ 602,851	\$ 540,387	\$ (62,464)
Total miscellaneous revenue	\$ 602,851	\$ 602,851	\$ 540,387	\$ (62,464)
Total revenue from local sources	\$ 632,851	\$ 632,851	\$ 563,150	\$ (69,701)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State transit funds	\$ 340,565	\$ 340,565	\$ 282,479	\$ (58,086)
Total categorical aid	\$ 340,565	\$ 340,565	\$ 282,479	\$ (58,086)
Total revenue from the Commonwealth	\$ 340,565	\$ 340,565	\$ 282,479	\$ (58,086)
Revenue from the federal government:				
Categorical aid:				
Formula grants for other than urbanized areas	\$ 2,162,843	\$ 2,162,843	\$ 1,247,490	\$ (915,353)
Total categorical aid	2,162,843	2,162,843	1,247,490	(915,353)
Total revenue from the federal government	\$ 2,162,843	\$ 2,162,843	\$ 1,247,490	\$ (915,353)
Total Transit Fund	\$ 3,136,259	\$ 3,136,259	\$ 2,093,119	\$ (1,043,140)

City of Radford, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

<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:				
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 10,000	\$ 9,800	\$ (200)
Total miscellaneous revenue	\$ -	\$ 10,000	\$ 9,800	\$ (200)
Total revenue from local sources	\$ -	\$ 10,000	\$ 9,800	\$ (200)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Grants	\$ 2,364,201	\$ 2,364,201	\$ 1,786,662	\$ (577,539)
Total categorical aid	\$ 2,364,201	\$ 2,364,201	\$ 1,786,662	\$ (577,539)
Total revenue from the Commonwealth	\$ 2,364,201	\$ 2,364,201	\$ 1,786,662	\$ (577,539)
Revenue from the federal government:				
Categorical aid:				
Safe routes to schools	500,000	500,000	-	(500,000)
Total categorical aid	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Total revenue from the federal government	\$ 500,000	\$ 500,000	\$ -	\$ (500,000)
Total City Capital Projects Fund	\$ 2,864,201	\$ 2,874,201	\$ 1,796,462	\$ (1,077,739)
Total Primary Government	\$ 28,510,343	\$ 29,141,029	\$ 27,024,263	\$ (2,116,766)

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 1 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:				
General government administration:				
Legislative:				
City Council	\$ 67,576	\$ 55,168	\$ 48,247	\$ 6,921
Total legislative	\$ 67,576	\$ 55,168	\$ 48,247	\$ 6,921
General and financial administration:				
City Clerk	\$ 18,132	\$ 18,624	\$ 18,624	\$ -
City Manager	305,460	290,226	290,224	2
Commissioner of revenue	179,403	176,105	176,105	-
Assessor	4,386	3,156	3,155	1
Billing and service	305,491	314,776	314,776	-
Treasurer	345,415	356,135	356,133	2
Legal services	100,000	142,850	142,850	-
Human resources	146,208	106,380	106,380	-
Independent auditor	40,600	39,600	39,600	-
Information technology	495,139	474,930	447,001	27,929
Finance	259,379	280,416	280,416	-
Total general and financial administration	\$ 2,199,613	\$ 2,203,198	\$ 2,175,264	\$ 27,934
Board of elections:				
Electoral board and officials	\$ 18,562	\$ 17,732	\$ 17,731	\$ 1
Registrar	80,943	78,096	78,095	1
Total board of elections	\$ 99,505	\$ 95,828	\$ 95,826	\$ 2
Total general government administration	\$ 2,366,694	\$ 2,354,194	\$ 2,319,337	\$ 34,857
Judicial administration:				
Courts:				
Circuit court	\$ 62,175	\$ 69,350	\$ 69,350	\$ -
General district court	22,400	21,511	21,510	1
Sheriff	508,467	529,214	526,836	2,378
Law library	3,500	2,101	2,101	-
Clerk of the circuit court	288,821	285,217	285,215	2
Total courts	\$ 885,363	\$ 907,393	\$ 905,012	\$ 2,381
Commonwealth's attorney:				
Commonwealth's attorney	\$ 323,922	\$ 335,061	\$ 335,058	\$ 3
Total commonwealth's attorney	\$ 323,922	\$ 335,061	\$ 335,058	\$ 3
Total judicial administration	\$ 1,209,285	\$ 1,242,454	\$ 1,240,070	\$ 2,384

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

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:				
Law enforcement and traffic control:				
Police department	\$ 3,203,161	\$ 3,265,983	\$ 3,229,008	\$ 36,975
Total law enforcement and traffic control	\$ 3,203,161	\$ 3,265,983	\$ 3,229,008	\$ 36,975
Fire and rescue services:				
Volunteer fire department	\$ 831,559	\$ 866,078	\$ 824,437	\$ 41,641
Ambulance and rescue services	894,000	909,900	909,627	273
Regional Hazmat Response	78,706	75,080	75,354	(274)
Total fire and rescue services	\$ 1,804,265	\$ 1,851,058	\$ 1,809,418	\$ 41,640
Correction and detention:				
Regional jail	\$ 662,650	\$ 671,779	\$ 671,778	\$ 1
Juvenile corrections	58,486	58,563	58,563	-
Total correction and detention	\$ 721,136	\$ 730,342	\$ 730,341	\$ 1
Inspections:				
Building inspector	\$ 103,713	\$ 103,041	\$ 103,040	\$ 1
Code enforcement	69,523	70,689	70,687	2
Total inspections	\$ 173,236	\$ 173,730	\$ 173,727	\$ 3
Other protection:				
Animal control	\$ 123,042	\$ 117,348	\$ 117,350	\$ (2)
Medical examiner	100	180	180	-
E-911 system	561,700	535,671	533,562	2,109
GIS mapping	79,861	79,629	73,406	6,223
Total other protection	\$ 764,703	\$ 732,828	\$ 724,498	\$ 8,330
Total public safety	\$ 6,666,501	\$ 6,753,941	\$ 6,666,992	\$ 86,949
Public works:				
Engineering:				
General Engineering	\$ 179,866	\$ 209,911	\$ 199,845	\$ 10,066
Total engineering	\$ 179,866	\$ 209,911	\$ 199,845	\$ 10,066
Maintenance of general buildings and grounds:				
General properties	\$ 758,498	\$ 782,370	\$ 775,170	\$ 7,200
Total maintenance of general buildings and grounds	\$ 758,498	\$ 782,370	\$ 775,170	\$ 7,200
Total public works	\$ 938,364	\$ 992,281	\$ 975,015	\$ 17,266

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 3 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)				
Health and welfare:				
Health:				
Supplement of local health department	\$ 76,719	\$ 76,719	\$ 76,719	\$ -
Total health	\$ 76,719	\$ 76,719	\$ 76,719	\$ -
Mental health and mental retardation:				
Mental health services	\$ 38,503	\$ 38,503	\$ 38,503	\$ -
Health agencies	5,853	5,853	5,853	-
Total mental health and mental retardation	\$ 44,356	\$ 44,356	\$ 44,356	\$ -
Welfare:				
Welfare administration and programs	\$ 1,628,453	\$ 1,392,870	\$ 1,378,590	\$ 14,280
Comprehensive services act	1,034,511	1,317,034	1,317,035	(1)
Property tax relief for the elderly	65,000	47,366	47,365	1
Social service agencies	94,463	93,963	93,963	-
Total welfare	\$ 2,822,427	\$ 2,851,233	\$ 2,836,953	\$ 14,280
Total health and welfare	\$ 2,943,502	\$ 2,972,308	\$ 2,958,028	\$ 14,280
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 7,064	\$ 7,064	\$ 7,064	\$ -
Contribution to City School Board	5,662,319	5,758,495	4,763,940	994,555
Total education	\$ 5,669,383	\$ 5,765,559	\$ 4,771,004	\$ 994,555
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 564,304	\$ 575,580	\$ 574,303	\$ 1,277
Maintenance of parks	190,562	186,916	185,116	1,800
Recreation center and playgrounds	470,282	471,202	470,862	340
Total parks and recreation	\$ 1,225,148	\$ 1,233,698	\$ 1,230,281	\$ 3,417
Cultural enrichment:				
Glencoe museum	\$ 27,541	\$ 26,020	\$ 26,020	\$ -
Total cultural enrichment	\$ 27,541	\$ 26,020	\$ 26,020	\$ -
Library:				
Library expenses	\$ 728,104	\$ 751,704	\$ 751,660	\$ 44
Total library	\$ 728,104	\$ 751,704	\$ 751,660	\$ 44
Total parks, recreation, and cultural	\$ 1,980,793	\$ 2,011,422	\$ 2,007,961	\$ 3,461

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 4 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)				
Community development:				
Planning and community development:				
Planning	\$ 60,565	\$ 80,536	\$ 80,536	\$ -
Community development	165,555	141,268	141,268	-
Zoning board	600	600	600	-
Tourism	92,238	83,960	83,959	1
Economic development	88,329	85,077	85,076	1
VHDA program	62,457	62,254	62,253	1
Total planning and community development	<u>\$ 469,744</u>	<u>\$ 453,695</u>	<u>\$ 453,692</u>	<u>\$ 3</u>
Total community development	<u>\$ 469,744</u>	<u>\$ 453,695</u>	<u>\$ 453,692</u>	<u>\$ 3</u>
Nondepartmental:				
Nondepartmental	\$ -	\$ 3,117	\$ 3,192	\$ (75)
Total nondepartmental	<u>\$ -</u>	<u>\$ 3,117</u>	<u>\$ 3,192</u>	<u>\$ (75)</u>
Debt service:				
Principal retirement	\$ 1,077,548	\$ 1,077,548	\$ 1,089,224	\$ (11,676)
Interest and other fiscal charges	1,012,010	1,012,010	1,000,308	11,702
Total debt service	<u>\$ 2,089,558</u>	<u>\$ 2,089,558</u>	<u>\$ 2,089,532</u>	<u>\$ 26</u>
Total General Fund	<u>\$ 24,333,824</u>	<u>\$ 24,638,529</u>	<u>\$ 23,484,823</u>	<u>\$ 1,153,706</u>
Nonmajor Special Revenue Funds:				
Grants Fund:				
Public safety:				
Law enforcement and traffic control:				
Victim witness assistance	\$ -	\$ 87,163	\$ 87,875	\$ (712)
Safe neighborhood grant	-	-	4,059	(4,059)
Impaired driver and speed enforcement	919	29,714	15,846	13,868
Police department	7,128	73,106	37,302	35,804
Sheriff	-	11,071	11,131	(60)
Total law enforcement and traffic control	<u>\$ 8,047</u>	<u>\$ 201,054</u>	<u>\$ 156,213</u>	<u>\$ 44,841</u>
Fire and rescue services:				
Fire department	\$ 8,596	\$ 71,782	\$ 69,978	\$ 1,804
Total fire and rescue services	<u>\$ 8,596</u>	<u>\$ 71,782</u>	<u>\$ 69,978</u>	<u>\$ 1,804</u>
Total public safety	<u>\$ 16,643</u>	<u>\$ 272,836</u>	<u>\$ 226,191</u>	<u>\$ 46,645</u>

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 5 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>
Nonmajor Special Revenue Funds: (Continued)				
Grants Fund: (Continued)				
Public Works:				
Maintenance of general buildings and grounds:				
Litter control	\$ -	\$ 6,328	\$ 6,756	\$ (428)
Total public works	\$ -	\$ 6,328	\$ 6,756	\$ (428)
Health and welfare:				
Welfare:				
Neighbor to neighbor program	\$ 390	\$ 390	\$ 100	\$ 290
Total health and welfare	\$ 390	\$ 390	\$ 100	\$ 290
Education:				
Education:				
Education grant expenses	\$ -	\$ -	\$ -	\$ -
Total Education	\$ -	\$ -	\$ -	\$ -
Parks, recreation and cultural:				
Parks and recreation:				
Supervision parks and recreation	\$ -	\$ 50,000	\$ 10,800	\$ 39,200
Community development:				
Planning and community development:				
Tourism	\$ 12,243	\$ 22,243	\$ 9,541	\$ 12,702
Economic development	14,694	14,694	20,955	(6,261)
HUD grant expenditures	22,086	125,395	95,287	30,108
Total planning and community development	\$ 49,023	\$ 162,332	\$ 125,783	\$ 36,549
Total community development	\$ 49,023	\$ 162,332	\$ 125,783	\$ 36,549
Debt service:				
Principal retirement	\$ -	\$ 25,000	\$ 25,000	\$ -
Interest and other fiscal charges	-	7,447	7,466	(19)
Total debt service	\$ -	\$ 32,447	\$ 32,466	\$ (19)
Total Grants Fund	\$ 66,056	\$ 524,333	\$ 402,096	\$ 122,237

City of Radford, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2014

Schedule 2
Page 6 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>
Nonmajor Special Revenue Funds: (Continued)				
Highway Maintenance Fund:				
Public works:				
Maintenance of streets, highways and bridges:				
General administration	\$ 161,043	\$ 163,165	\$ 167,964	\$ (4,799)
Highway maintenance and repairs - state	1,830,565	2,046,043	2,146,790	(100,747)
Highway maintenance and repairs - local	21,333	21,398	66,536	(45,138)
Street lights	71,500	71,500	71,130	370
Snow and ice removal	35,700	35,700	32,880	2,820
Storm drainage	8,500	8,500	2,297	6,203
Total maintenance of streets, highways, and bridges	<u>\$ 2,128,641</u>	<u>\$ 2,346,306</u>	<u>\$ 2,487,597</u>	<u>\$ (141,291)</u>
Total Highway Maintenance Fund	<u>\$ 2,128,641</u>	<u>\$ 2,346,306</u>	<u>\$ 2,487,597</u>	<u>\$ (141,291)</u>
Transit Fund:				
Community Development:				
Planning and community development:				
City transit service	\$ 3,321,566	\$ 4,150,250	\$ 2,200,649	\$ 1,949,601
Total community development	<u>\$ 3,321,566</u>	<u>\$ 4,150,250</u>	<u>\$ 2,200,649</u>	<u>\$ 1,949,601</u>
Total Transit Fund	<u>\$ 3,321,566</u>	<u>\$ 4,150,250</u>	<u>\$ 2,200,649</u>	<u>\$ 1,949,601</u>
Capital Projects Fund:				
City Capital Projects Fund:				
Capital Projects:				
Accounting system	\$ 28,458	\$ 28,458	\$ 16,204	\$ 12,254
Tyler Avenue landscaping	24,890	24,890	21,122	3,768
Second Avenue Improvements	4,924,769	4,924,769	3,015,694	1,909,075
Park Road/Tyler Avenue	-	17,165	10,269	6,896
Storm drainage projects	19,114	34,114	32,650	1,464
Contribution to IDA	-	75,000	75,000	-
Multipurpose fields	98	126,965	108,798	18,167
Total capital projects	<u>\$ 4,997,329</u>	<u>\$ 5,231,361</u>	<u>\$ 3,279,737</u>	<u>\$ 1,951,624</u>
Total Capital Projects Fund	<u>\$ 4,997,329</u>	<u>\$ 5,231,361</u>	<u>\$ 3,279,737</u>	<u>\$ 1,951,624</u>
Total Primary Government	<u>\$ 34,847,416</u>	<u>\$ 36,890,779</u>	<u>\$ 31,854,902</u>	<u>\$ 5,035,877</u>

Statistical Information

Table 1

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	\$ 44,663,347	\$ 43,781,921	\$ 42,433,941	\$ 41,450,815	\$ 41,059,783	\$ 41,472,798	\$ 40,402,563	\$ 39,986,063	\$ 36,147,315	\$ 39,559,342
Restricted	-	1,685,598	1,009,830	1,062,107	3,661,446	509,733	615,847	644,276	2,812,037	968,879
Unrestricted	7,336,310	6,883,870	7,065,810	7,815,581	7,150,443	6,210,599	6,364,767	6,461,353	6,752,167	7,710,856
Total governmental activities net position	\$ 51,999,657	\$ 52,351,389	\$ 50,509,581	\$ 50,328,503	\$ 51,871,672	\$ 48,193,130	\$ 47,383,177	\$ 47,091,692	\$ 45,711,519	\$ 48,239,077
Business-type activities										
Net investment in capital assets	\$ 14,728,216	\$ 16,175,798	\$ 16,843,671	\$ 16,103,927	\$ 15,087,089	\$ 15,534,890	\$ 15,089,859	\$ 14,568,531	\$ 15,761,624	\$ 15,582,914
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	14,300,902	12,029,539	11,584,577	10,019,591	8,487,728	7,354,066	8,013,733	8,866,605	11,463,147	11,817,746
Total business-type activities net position	\$ 29,029,118	\$ 28,205,337	\$ 28,428,248	\$ 26,123,518	\$ 23,574,817	\$ 22,888,956	\$ 23,103,592	\$ 23,435,136	\$ 27,224,771	\$ 27,400,660
Primary government										
Net investment in capital assets	\$ 59,391,563	\$ 59,957,719	\$ 59,277,612	\$ 57,554,742	\$ 56,146,872	\$ 57,007,688	\$ 55,492,422	\$ 54,554,594	\$ 51,908,939	\$ 55,142,256
Restricted	-	1,685,598	1,009,830	1,062,107	3,661,446	509,733	615,847	644,276	2,812,037	968,879
Unrestricted	21,637,212	18,913,409	18,650,387	17,835,172	15,638,171	13,564,665	14,378,500	15,327,958	18,215,314	19,528,602
Total primary government net position	\$ 81,028,775	\$ 80,556,726	\$ 78,937,829	\$ 76,452,021	\$ 75,446,489	\$ 71,082,086	\$ 70,486,769	\$ 70,526,828	\$ 72,936,290	\$ 75,639,737

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government administration	\$ 1,623,166	\$ 1,945,248	\$ 2,360,446	\$ 2,318,049	\$ 2,378,072	\$ 2,288,017	\$ 2,114,955	\$ 2,257,781	\$ 2,478,062	\$ 2,583,106
Judicial administration	1,075,179	573,620	644,504	633,173	1,183,737	1,155,145	1,108,911	1,112,641	1,182,752	1,228,811
Public safety	4,742,489	5,520,190	5,991,991	6,173,244	5,930,185	6,387,807	6,244,619	6,338,892	6,807,173	6,991,450
Public works	4,153,349	3,961,164	4,084,908	4,137,294	4,055,643	3,319,506	3,316,104	3,583,272	3,509,880	4,052,721
Health and welfare	1,777,103	1,882,803	1,970,492	1,944,040	2,025,890	2,291,061	2,269,438	2,501,597	2,662,252	2,965,695
Education	5,180,623	5,407,165	5,202,606	4,545,629	5,226,904	8,334,559	4,812,897	5,357,984	5,753,106	5,049,358
Parks, recreation and cultural	1,798,586	1,633,402	1,994,060	2,065,662	2,155,156	2,163,466	2,012,187	2,170,790	2,331,432	2,284,314
Community development	624,028	682,569	409,533	633,057	691,360	669,451	1,606,945	1,739,173	1,964,126	2,312,280
Nondepartmental	-	-	-	-	-	-	-	-	33,375	3,192
Interest on long-term debt	150,448	146,425	147,438	329,475	274,934	771,041	883,852	955,544	1,082,407	969,417
Total governmental activities expenses	\$ 21,124,971	\$ 21,752,586	\$ 22,805,978	\$ 22,779,623	\$ 23,921,881	\$ 27,380,053	\$ 24,369,908	\$ 26,017,674	\$ 27,804,565	\$ 28,440,344
Business-type activities:										
Water, sewer and electric	\$ 18,006,466	\$ 23,263,810	\$ 22,812,759	\$ 25,218,048	\$ 23,105,211	\$ 22,800,818	\$ 24,881,044	\$ 27,590,819	\$ 29,035,126	\$ 26,512,718
Total primary government expenses	\$ 39,131,437	\$ 45,016,396	\$ 45,618,737	\$ 47,997,671	\$ 47,027,092	\$ 50,180,871	\$ 49,250,952	\$ 53,608,493	\$ 56,839,691	\$ 54,953,062
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	\$ 1,329,804	\$ 7,177	\$ 58,932	\$ 48,451	\$ 22,399	\$ 18,747	\$ 21,622	\$ 25,925	\$ 34,279	\$ 55,692
Judicial administration	-	222,413	260,657	285,218	344,345	250,380	276,672	341,451	361,125	305,379
Public safety	120,966	221,980	100,777	192,931	81,143	518,563	465,363	547,947	611,211	611,211
Public works	-	64,424	39,898	81,847	53,824	91,946	39,030	175,440	41,201	41,245
Parks, recreation and cultural	-	130,180	121,197	96,481	132,350	121,802	109,586	122,932	126,685	115,294
Community development	-	-	7,029	-	-	-	-	-	-	-
Operating grants and contributions	4,886,597	5,606,816	5,223,351	5,427,508	5,610,577	5,964,394	6,333,219	6,999,638	7,429,807	9,748,231
Capital grants and contributions	-	70,000	-	-	1,573,485	-	-	-	-	-
Total governmental activities program revenues	\$ 6,337,367	\$ 6,322,990	\$ 5,811,841	\$ 6,132,436	\$ 7,818,123	\$ 6,965,832	\$ 7,245,492	\$ 8,213,333	\$ 8,655,044	\$ 10,877,052
Business-type activities:										
Charges for services:										
Water, sewer and electric	\$ 18,632,716	\$ 24,096,263	\$ 24,560,742	\$ 25,415,487	\$ 23,975,402	\$ 24,164,804	\$ 26,369,886	\$ 30,132,722	\$ 34,866,609	\$ 30,513,949
Capital grants and contributions	-	-	24,000	-	-	302,236	548,025	51,285	165,859	-
Total business-type activities program revenues	\$ 18,632,716	\$ 24,096,263	\$ 24,584,742	\$ 25,415,487	\$ 23,975,402	\$ 24,467,040	\$ 26,917,911	\$ 30,184,007	\$ 35,032,468	\$ 30,513,949
Total primary government program revenues	\$ 24,970,083	\$ 30,419,253	\$ 30,396,583	\$ 31,547,923	\$ 31,793,525	\$ 31,432,872	\$ 34,163,403	\$ 38,397,340	\$ 43,687,512	\$ 41,391,001
Net (expense) / revenue										
Governmental activities	\$ (14,787,604)	\$ (15,429,596)	\$ (16,994,137)	\$ (16,647,187)	\$ (16,103,758)	\$ (20,414,221)	\$ (17,124,416)	\$ (17,804,341)	\$ (19,149,521)	\$ (17,563,292)
Business-type activities	626,250	832,453	1,771,983	197,439	870,191	1,666,221	2,036,867	2,593,188	5,997,342	4,001,231
Total primary government net (expense)/revenue	\$ (14,161,354)	\$ (14,597,143)	\$ (15,222,154)	\$ (16,449,748)	\$ (15,233,567)	\$ (18,747,999)	\$ (15,087,549)	\$ (15,211,153)	\$ (13,152,179)	\$ (13,562,061)

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes										
In Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 6,408,134	\$ 6,430,299	\$ 6,314,847	\$ 6,449,758	\$ 7,062,754	\$ 7,234,689	\$ 7,329,530	\$ 7,317,561	\$ 7,351,581	\$ 7,703,878
Local sales and use taxes	813,065	965,875	975,485	556,671	868,943	831,986	873,384	900,741	974,844	963,013
Restaurant food taxes	735,982	793,819	817,395	875,065	884,160	891,213	952,416	988,171	1,024,005	1,086,580
Motor vehicle taxes	174,864	175,151	175,935	9,165	178,489	185,808	196,726	197,397	198,060	193,711
Consumers' utility taxes	1,012,815	945,106	774,046	577,377	553,552	556,629	560,347	533,966	575,931	597,428
Communications taxes	-	-	-	856,242	777,974	-	-	-	-	-
Business license taxes	351,235	374,131	381,208	403,624	423,557	398,683	414,298	458,918	492,114	465,200
Other local taxes	1,085,415	950,047	1,094,144	528,469	548,750	473,263	538,664	533,836	575,986	565,146
Payments in lieu of taxes	2,005,827	1,509,949	1,849,123	1,785,303	1,843,822	1,765,114	1,688,205	2,005,015	-	-
Unrestricted grants and contributions	717,899	761,835	734,481	679,593	685,764	1,465,078	1,500,937	1,459,745	1,493,502	1,478,789
Unrestricted revenues from use of money and property	261,285	391,265	525,636	682,758	460,751	143,927	150,447	153,680	162,021	167,998
Miscellaneous	152,875	267,854	253,721	299,910	411,416	304,016	284,625	700,640	2,694,064	3,040,335
Gain (Loss) on disposal of capital assets	-	(5,985)	-	(17,429)	7,660	127,883	2,050	-	(3,729)	-
Transfers	2,452,773	2,131,814	2,113,763	2,779,603	2,939,335	2,357,390	1,822,834	2,263,187	2,230,969	3,828,572
Total governmental activities	\$ 16,172,169	\$ 15,691,160	\$ 16,009,784	\$ 16,466,109	\$ 17,646,927	\$ 16,735,679	\$ 16,314,463	\$ 17,512,857	\$ 17,769,348	\$ 20,090,650
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 173,473	\$ 475,580	\$ 564,691	\$ 277,434	\$ 75,504	\$ 5,307	\$ 603	\$ 1,543	\$ 13,218	\$ 3,230
Special items	-	-	-	-	(555,061)	-	-	-	-	-
Gain (Loss) on disposal of capital assets	(2,452,773)	(2,131,814)	(2,113,763)	(2,779,603)	(2,939,335)	(2,357,390)	(1,822,834)	(2,263,187)	(2,230,969)	(3,828,572)
Transfers	(2,279,300)	(1,656,234)	(1,549,072)	(2,502,169)	(3,418,892)	(2,352,083)	(1,822,231)	(2,261,644)	(2,187,455)	(3,825,342)
Total business-type activities	\$ 13,892,869	\$ 14,034,926	\$ 14,460,712	\$ 13,963,940	\$ 14,228,035	\$ 14,383,596	\$ 14,492,232	\$ 15,251,213	\$ 15,581,893	\$ 16,265,308
Total primary government										
	\$ 1,384,565	\$ 261,564	\$ (984,353)	\$ (181,078)	\$ 1,543,169	\$ (3,678,542)	\$ (809,953)	\$ (291,484)	\$ (1,380,173)	\$ 2,527,358
Governmental activities	(1,653,050)	(823,781)	222,911	(2,304,730)	(2,548,701)	(685,861)	214,636	331,544	3,809,887	175,889
Business-type activities	(288,485)	(562,217)	(761,442)	(2,485,808)	(1,005,532)	(4,364,403)	(595,317)	(40,060)	(2,429,714)	(2,703,247)
Total primary government										

Table 3

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Restaurant Food Tax	Business License Tax	Other Local Taxes	Total
2014	\$ 7,703,878	\$ 963,013	\$ 597,428	\$ 193,711	\$ 1,086,580	\$ 465,200	\$ 565,146	\$ 11,574,956
2013	7,351,581	974,844	575,931	198,060	1,024,005	492,114	575,986	11,192,521
2012	7,317,561	900,741	533,966	197,397	988,171	458,918	533,836	10,930,590
2011	7,329,530	873,384	560,347	196,726	952,416	414,298	538,664	10,865,365
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

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 Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,236	\$ 136,611	\$ 117,376	\$ 151,146
Restricted/Reserved	745,993	995,721	951,942	942,554	315,938	474,302	580,416	608,845	671,636	806,318
Committed	-	-	-	-	-	-	2,201,052	2,296,667	2,256,764	2,880,670
Unassigned/Unreserved	4,043,768	5,127,134	5,044,842	5,871,156	5,548,378	5,008,887	2,512,517	2,635,777	3,326,403	3,180,070
Total general fund	<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>	<u>\$ 5,495,221</u>	<u>\$ 5,677,900</u>	<u>\$ 6,372,179</u>	<u>\$ 7,018,204</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,725	\$ 12,437	\$ 12,764	\$ 11,859
Restricted/Reserved	1,118,193	689,877	57,888	14,832,676	3,345,508	35,431	35,431	35,431	2,140,401	162,561
Committed	-	-	-	-	-	-	1,281,492	1,330,219	1,220,265	1,547,085
Unreserved/Unassigned:										
Special revenue funds	714,686	403,544	712,425	161,187	380,649	405,161	-	(8,914)	(11,111)	-
Capital projects funds	1,514,872	1,299,892	1,321,000	995,198	1,462,206	930,892	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 1,333,648</u>	<u>\$ 1,369,173</u>	<u>\$ 3,362,319</u>	<u>\$ 1,721,505</u>

Effective July 1, 2010, the City adopted provisions of the Governmental Accounting Standards Board Statement Number 54. As such, components of fund balance beginning with the year ending June 30, 2011 follow requirements of that standard.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
General property taxes	\$ 6,259,607	\$ 6,286,313	\$ 6,348,319	\$ 6,412,871	\$ 7,012,100	\$ 7,141,132	\$ 7,017,704	\$ 7,426,519	\$ 7,534,523	\$ 7,601,010
Other local taxes	4,173,376	4,204,129	4,218,213	3,806,613	4,235,425	3,337,582	3,535,835	3,613,029	3,840,940	3,871,078
Permits, privilege fees and regulatory licenses	16,706	35,670	52,901	37,706	20,985	37,917	35,757	41,599	40,213	55,541
Fines and forfeitures	120,966	214,933	255,274	279,394	261,418	195,704	224,244	274,544	302,330	250,698
Revenue from use of money and property	254,888	401,149	525,636	682,758	460,751	143,927	150,447	153,680	162,021	167,998
Charges for services	454,535	395,571	280,315	388,828	351,658	767,817	652,272	853,944	884,639	803,660
Miscellaneous	2,127,196	1,777,803	2,102,844	2,128,360	2,255,238	2,069,130	1,972,830	2,705,655	2,694,064	3,040,335
Recovered costs	-	37,752	35,406	57,465	100,376	55,660	59,580	2,820	10,364	6,923
Intergovernmental:										
Commonwealth	5,195,809	5,085,311	5,060,611	5,164,626	6,845,977	6,209,947	6,338,627	6,875,404	7,038,981	9,028,529
Federal	423,487	1,353,340	897,221	942,475	1,023,849	1,219,525	1,495,529	1,583,979	1,884,328	2,198,491
Total revenues	\$ 19,026,560	\$ 19,791,971	\$ 19,776,740	\$ 19,900,096	\$ 22,567,777	\$ 21,178,341	\$ 21,482,825	\$ 23,531,173	\$ 24,392,403	\$ 27,024,263
Expenditures										
General government administration	\$ 1,541,620	\$ 1,987,141	\$ 2,093,512	\$ 2,203,116	\$ 2,289,018	\$ 2,141,757	\$ 2,006,186	\$ 2,084,305	\$ 2,290,530	\$ 2,319,337
Judicial administration	1,032,956	556,137	713,455	661,831	1,178,428	1,125,737	1,082,538	1,093,311	1,169,552	1,240,070
Public safety	4,207,220	5,547,830	6,010,285	6,021,053	6,767,752	6,314,326	6,699,588	6,155,409	6,406,542	6,893,183
Public works	2,452,558	2,599,204	2,852,697	2,834,267	2,900,711	2,672,561	2,667,712	2,994,073	2,741,126	3,469,368
Health and welfare	1,766,903	1,823,156	1,976,883	1,939,683	2,038,092	2,278,482	2,253,374	2,491,473	2,656,373	2,958,128
Education	5,180,623	5,004,055	5,185,634	7,038,821	16,192,846	8,518,439	4,496,458	5,042,614	5,273,296	4,771,004
Parks, recreation and cultural	1,468,947	1,657,571	1,739,036	1,775,060	1,856,042	1,778,938	1,778,938	1,873,625	2,148,733	2,018,761
Community development	772,577	677,889	404,312	635,677	691,469	670,136	1,077,646	2,161,574	2,345,628	2,780,124
Non-departmental	-	-	-	-	-	-	-	-	33,375	3,192
Capital projects	2,282,705	1,431,006	863,249	722,764	1,279,040	1,727,243	4,784,258	479,229	1,089,854	3,279,737
Debt service:										
Principal retirement	389,135	333,844	339,002	349,521	7,902,282	819,987	856,066	952,518	1,067,312	1,114,224
Bond issuance cost	-	-	-	11,780	-	-	-	-	76,395	-
Interest and other fiscal charges	156,050	144,972	140,509	129,629	126,456	817,932	872,830	1,003,562	1,011,034	1,007,774
Total expenditures	\$ 21,251,294	\$ 21,762,805	\$ 22,318,574	\$ 24,323,202	\$ 43,222,136	\$ 28,944,356	\$ 28,577,594	\$ 26,331,693	\$ 28,309,750	\$ 31,854,902
Excess (deficiency) of revenues over (under) expenditures	\$ (2,224,734)	\$ (1,970,834)	\$ (2,541,834)	\$ (4,423,106)	\$ (20,654,359)	\$ (7,766,015)	\$ (7,094,769)	\$ (2,800,520)	\$ (3,917,347)	\$ (4,830,639)
Other financing sources (uses)										
Transfers in	\$ 2,840,545	\$ 2,534,769	\$ 3,404,099	\$ 3,674,085	\$ 3,951,150	\$ 2,860,859	\$ 1,830,949	\$ 2,836,723	\$ 4,316,475	\$ 4,652,904
Transfers out	(262,772)	(402,955)	(1,290,336)	(894,462)	(1,012,193)	(503,469)	(8,115)	(573,536)	(2,101,983)	(817,254)
Issuance of general obligation bonds	-	-	-	15,910,378	5,926,515	1,082,736	5,244,081	598,183	4,455,549	-
Debt service - current refunding - principal	-	-	-	-	-	-	-	-	(66,769)	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	447,800	13,838	-	-	157,354	-	-
Total other financing sources (uses)	-	-	-	-	24,957	127,883	2,050	-	1,500	-
Net change in fund balances	\$ 2,577,773	\$ 2,131,814	\$ 2,113,763	\$ 19,137,781	\$ 8,904,267	\$ 3,568,009	\$ 7,068,965	\$ 3,018,724	\$ 6,604,772	\$ 3,835,650
Debt service as a percentage of noncapital expenditures	2.87%	2.36%	2.23%	2.03%	19.14%	6.02%	7.27%	7.57%	7.64%	7.43%

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
2014	\$ 7,601,010	\$ 963,013	\$ 597,428	\$ 193,711	\$ 1,086,580	\$ 465,200	\$ 565,146	\$ 11,472,088	0.85%
2013	7,534,523	974,844	575,931	198,060	1,024,005	492,114	575,986	11,375,463	3.04%
2012	7,426,519	900,741	533,966	197,397	988,171	458,918	533,836	11,039,548	4.61%
2011	7,017,704	873,384	560,347	196,726	952,416	414,298	538,664	10,553,539	0.71%
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%

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
2014	\$ 785,174,290	\$ 54,833,849	\$ 461,847	\$ 37,634,310	\$ 22,453,921	\$ 900,558,217	\$ 900,558,217	100.00%
2013	782,058,740	52,975,445	465,027	36,100,390	27,156,009	898,755,611	898,755,611	100.00%
2012	787,822,090	53,499,297	545,379	39,032,130	23,780,929	904,679,825	904,679,825	100.00%
2011	792,140,290	49,448,088	555,501	32,966,578	23,171,319	898,281,776	898,281,776	100.00%
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%

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
2014	\$ 0.76	\$ 2.44	\$ 0.76	\$ 1.76
2013	0.76	2.44	0.76	1.76
2012	0.76	2.44	0.76	1.76
2011	0.76	2.44	0.76	1.76
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

(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 (1)	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 8,122,764	\$ 7,890,379	97.14%	\$ -	\$ 7,890,379	97.14%
2013	8,070,126	7,845,456	97.22%	117,422	7,962,878	98.67%
2012	7,898,118	7,658,768	96.97%	168,106	7,826,874	99.10%
2011	7,741,672	7,338,433	94.79%	363,292	7,701,725	99.48%
2010	7,769,061	7,599,999	97.82%	138,862	7,738,861	99.61%
2009	7,632,678	7,502,632	98.30%	114,195	7,616,827	99.79%
2008	7,001,383	6,825,946	97.49%	114,579	6,940,525	99.13%
2007	6,930,573	6,830,912	98.56%	61,470	6,892,382	99.45%
2006	6,909,447	6,736,261	97.49%	40,980	6,777,241	98.09%
2005	6,626,688	6,538,966	98.68%	75,551	6,614,517	99.82%

Source: Commissioner of Revenue, City Treasurer's office

A major industrial taxpayer was delinquent at year end 2011. Taxes due from same totaled approximately \$256,000.

(1) Includes collections and assessments under the State's PPTRA program

City of Radford, Virginia
Ratio of Annual Debt Service Expenditures for General Bonded
Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal(2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2013-14	\$ 1,114,224	\$ 1,007,774	2,121,998	\$ 31,854,902	6.66%
2012-13	1,067,312	1,011,034	2,078,346	28,309,750	7.34%
2011-12	952,518	1,003,562	1,956,080	28,577,594	6.84%
2010-11	856,066	872,830	1,728,896	28,577,594	6.05%
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%

(1) Includes General Fund, Capital Projects Fund, and Special Revenue funds of the primary government

(2) Includes normally scheduled debt payments and does not include payoffs financed by refunding bonds.

CITY OF RADFORD, VIRGINIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	Governmental Activities			Business-Type Activities			Total Primary Government	Per Capita
	General		Capital Leases	Revenue Bonds	General			
	Obligation Bonds				Obligation Bonds			
2014	\$ 22,566,904	\$ 202,614	\$ 892,792	\$ 2,615,444	\$ 26,277,754	\$ 1,602		
2013	23,582,010	301,732	931,229	3,220,221	28,035,192	1,709		
2012	20,350,159	396,758	969,666	5,404,239	27,120,822	1,653		
2011	20,605,434	338,364	956,818	6,018,841	27,919,457	1,702		
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		

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
2014	\$ 25,182,348	\$ -	\$ 25,182,348	2.80%	\$ 1,535
2013	26,802,231	-	26,802,231	2.98%	1,633
2012	25,754,398	-	25,754,398	2.85%	1,570
2011	26,624,275	-	26,624,275	2.96%	1,623
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

(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.

Table 13

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 63,955,375	\$ 64,697,874	\$ 65,135,034	\$ 71,879,024	\$ 78,529,654	\$ 78,050,994	\$ 79,214,029	\$ 78,782,209	\$ 78,205,874	\$ 78,517,429
Total net debt applicable to limit	12,608,996	11,840,409	10,981,066	25,699,275	23,075,778	22,791,781	26,624,275	25,754,398	26,802,231	25,182,348
Legal debt margin	\$ 51,346,379	\$ 52,857,465	\$ 54,153,968	\$ 46,179,749	\$ 55,453,876	\$ 55,259,213	\$ 52,589,754	\$ 53,027,811	\$ 51,403,643	\$ 53,335,081
Total net debt applicable to the limit as a percentage of debt limit	19.72%	18.30%	16.86%	35.75%	29.38%	29.20%	33.61%	32.69%	34.27%	32.07%
Legal Debt Margin Calculation for Fiscal Year 2014										
Assessed value										\$ 785,174,290
Total assessed value										\$ 785,174,290
Debt limit (10% of total assessed value)										\$ 78,517,429
Net debt applicable to limit										25,182,348
Legal debt margin										\$ 53,335,081

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

Fiscal Year	Water and Sewer Revenue Bonds					Coverage
	Water and Sewer Charges	Less: Operating Expenses	Net Available Revenue	Debt Service (1)		
				Principal	Interest	
2014	\$ 4,732,813	\$ 4,104,232	\$ 628,581	\$ 592,165	\$ 45,148	0.99
2013	4,360,386	4,155,050	205,336	606,688	60,175	0.31
2012	4,130,114	3,715,796	414,318	603,468	31,954	0.65
2011	4,202,208	3,683,675	518,533	573,378	34,678	0.85
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

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

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Radford, Virginia's basic financial statements, and have issued our report thereon dated November 3, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Radford, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Radford, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Radford, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Radford, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
November 3, 2014

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of Radford, Virginia's compliance with the types of compliance requirements described in the *OMB 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, 2014. The City of Radford, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City of Radford, Virginia's basic financial statements include the operations of the component-unit, the Radford City School Board, which received \$1,274,516 in federal awards which is not included in the City's schedule of federal expenditures during the year ended June 30, 2014. Our audit, described below, did not include the operations of the Radford City School Board because the School Board issued a separate report that included a schedule of their federal awards and our report thereon.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Radford, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Radford, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Radford, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the City of Radford, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Radford, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
November 3, 2014

CITY OF RADFORD, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<i>DEPARTMENT OF AGRICULTURE:</i>			
Pass Through Payments:			
<i>State Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/ 0010111/ 0040110/0040111	\$ 120,104
Total Department of Agriculture			\$ 120,104
<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	0950110/0950111	\$ 10,408
Temporary Assistance for Needy Families	93.558	0400110/0400111	115,963
Refugee and Entrant Assistance-State Administered Programs	93.566	0500109/0500110	746
Low-Income Home Energy Assistance	93.568	0600410/0600411	12,355
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110/0900111	840
Child Care Mandatory and Matching Funds of the Child Care and Development Funds	93.596	0760110/0760111	20,344
Foster Care - Title IV-E	93.658	1100110/ 1100111	92,518
Adoption Assistance	93.659	1120110/1120111	96,673
Social Services Block Grant	93.667	1000110/1000111	82,168
Chafee Foster Care Independence Program	93.674	9150110/ 9150111	2,209
Children's Health Insurance Program	93.767	0540110/0540111	3,584
Medical Assistance Program	93.778	1200110/1200111	105,530
Total Department of Health and Human Services			\$ 543,338
<i>DEPARTMENT OF HOMELAND SECURITY:</i>			
Pass Through Payments:			
<i>State Department of Emergency Management:</i>			
State Homeland Security Program	97.073	52707/52708	\$ 69,782
Emergency Management Performance Grants	97.042	52749	454
Total Department of Homeland Security			\$ 70,236
<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	unknown	\$ 15,997
Project Safe Neighborhoods	16.609	unknown	3,189
Total Department of Justice			\$ 19,186
Department of the Treasury:			
Pass Through Payments:			
Office of the Virginia Attorney General Equitable Sharing Program	21.000	Not available	\$ 59,670
Total Department of the Treasury			\$ 59,670

CITY OF RADFORD, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

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 Grants/Entitlement Grants	14.218	NA	\$ 127,753
Total Department of Housing and Urban Development			\$ 127,753
<i>DEPARTMENT OF TRANSPORTATION:</i>			
Pass Through Payments:			
<i>State Department of Rail and Transportation:</i>			
Formula Grants for Rural Areas	20.509	72013-45	\$ 1,247,490
<i>State Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	50245/51151	10,714
Total Department of Transportation			\$ 1,258,204
Total Expenditures of Federal Awards			\$ 2,198,491

Notes to Schedule of Expenditures of Federal Awards

Note A-Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Radford, Virginia under programs of the federal government for the year ended June 30, 2014. 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 position, or cash flows of the City of Radford, Virginia.

Note B-Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB 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	\$ 663,896
Transit Fund	1,247,490
Grants Fund	287,105

Total primary government	\$ 2,198,491
--------------------------	--------------

City of Radford, Virginia

Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported

Type of auditors' report issued on compliance for major programs:	Unmodified
---	------------

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
--	----

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
20.509	Formula Grants for Rural Areas

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.