

# City of Radford, Virginia

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## *Financial Report*

*Fiscal Year Ended June 30, 2011*

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**CITY OF RADFORD, VIRGINIA**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2011**

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Prepared By:  
Department of Financial Services

CITY OF RADFORD, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2011

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## **INTRODUCTORY SECTION**



January 9, 2012

**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, 2011 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 9 as a quick start into the June 30, 2011 City of Radford Comprehensive Annual Financial Report.

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

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



## **Economic Condition and Outlook**

Chartered in 1892 the City of Radford is located in the New River Valley of Southwestern Virginia, just off interstate 81 at exits 105 and 109. Radford encompasses a land area of 9.63 square miles and has a population of 16,408.

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

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

The City is committed to providing a community conducive to a high quality of life for its citizens and a strong workforce for its businesses. The City’s close proximity to I-81, as well as its central location between northern and southern markets, places it in an ideal geographic location. Through the years this has enabled the City to attract such manufacturers as Danaher, APW, Hytech and Volvo Logistics. The City’s unemployment rate is currently 7.7% out of a workforce of 8,224.

Radford, like many cities throughout the United States, continues to face economic stagnation. National trends illustrate weak consumer confidence, dwindling private investment, increased cost of services and reduced revenues. These statistics have been stretched to our local communities. As a result, revenue projections are constantly re-evaluated resulting in significant spending reductions in most City departments to minimize the overall impact on the established budget.

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

We are confident the City’s vital signs are improving. In the last twelve months, we have seen marked reinvestment in housing construction and remodeling, business district revitalization and industrial inquires. Sales, meals, and lodging revenues are all seeing moderate increases. Recent industrial announcements by VCI and TechLab will increase private investments and job opportunities. 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 appropriated funds. The budget must be adopted and funds appropriate by July 1 of each year.

### **Pension Benefits**

The City of Radford participates in the Virginia Retirement System (VRS), which covers all full time, salaried employees. Contributions to the VRS are determined on an actuarial basis. The contributions required during the 2010-2011 fiscal year totaled \$1,189,537. As of the plan's most recent actuarial valuation on June 30, 2010, the City's pension obligation was not fully funded. Please see Note 8 and Exhibit 12 for additional information on the City’s retirement plan.

### **Capital Financing and Debt Service**

At June 30, 2011 the City’s legal debt limit is \$79,214,029. Net direct tax supported debt totaled \$26,624,275. 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, 2011 totaled \$28,291,033 of which \$6,975,659 for Enterprise Fund activity is considered self-supporting as revenues for services are anticipated to cover operating and debt service needs. See Note 7 for more information on the City’s long-term borrowing.



### **Cash Management**

The City follows the pooled cash concept, which allows for greater flexibility in managing cash flow amongst the different funds. Idle cash is invested in instruments as allowed by the Code of Virginia, Chapter 3, Title 26. Currently, idle cash is held in money market funds and in overnight repurchase arrangements with SunTrust Securities Corporation.

### **Auditing**

Each year, City Council hires an independent public accounting firm to perform an audit of the City’s annual financial statements including a single audit of federal awards and an audit of compliance with state requirements. The current year independent auditor’s reports are included in the Financial and Compliance Sections of the report.

### **Acknowledgements**

We would like to express our appreciation to the staff of the Department of Finance for their dedication in assuring the financial integrity of the City and the preparation of this report. Appreciation is also expressed to the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

*David Ridpath*

David Ridpath, City Manager

*Patricia Cox*

Patricia Cox, Director of Finance & Human Resources

## CITY OF RADFORD, VIRGINIA

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### CITY COUNCIL

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Dr. Bruce Brown, Mayor  
Dr. Richard Harshberger, Vice Mayor  
Robert Nicholson

Tim Cox  
Keith Marshall

### CITY SCHOOL BOARD

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William Flora, Vice-Chair  
Karen Gerlach

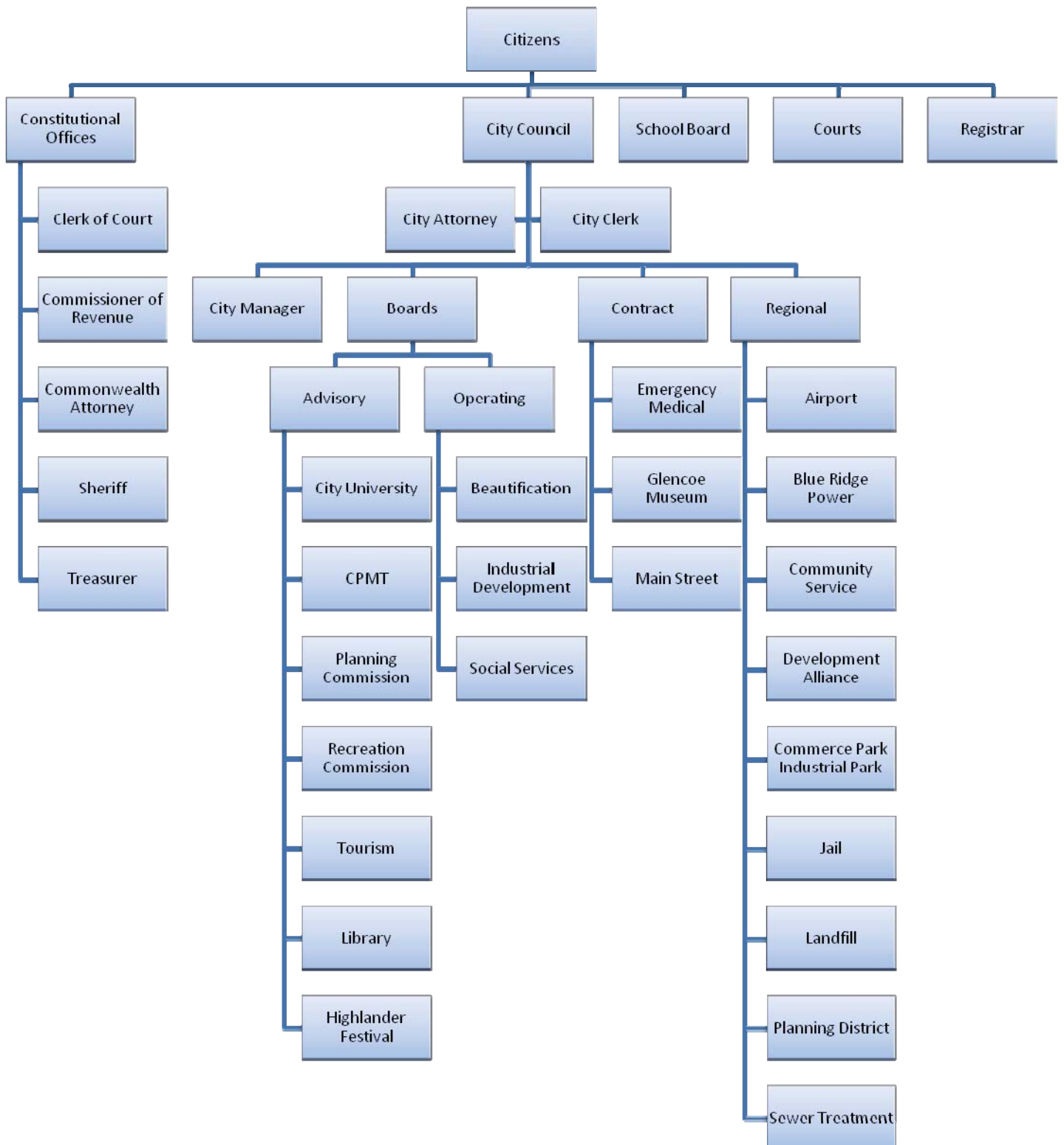
Lynn Burris, Chair

Steve Cox  
Alvin Alexander

### OTHER OFFICIALS

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



## **FINANCIAL SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the remaining fund information of the City of Radford, Virginia, as of and for the year ended June 30, 2011, which collectively comprise the City of Radford, Virginia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Radford, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City of Radford, Virginia adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2011, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules of pension and OPEB funding progress 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 management's discussion and analysis and schedules of funding progress 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 management's discussion and analysis and schedules of funding progress 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Radford, Virginia's financial statements as a whole. The introductory section, individual nonmajor fund financial statements and schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statement and schedules, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

*Robinson, Turner, Cox Associates*

Christiansburg, Virginia  
November 11, 2011

**CITY OF RADFORD, VIRGINIA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2011**

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, 2011. 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 \$70,486,769 at June 30, 2011. Of this amount, \$14,378,500 may be used to meet ongoing obligations to citizens and creditors, and \$55,492,422 is invested in capital assets, net of related debt. Net assets of \$615,847 are restricted.

On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$17,124,416, which totaled \$2,632,787 more than the general revenues, net of transfers, of \$14,491,629.

At June 30, 2011, the City's governmental funds balance sheet reported total ending fund balance of \$6,828,869. Of this amount, \$2,512,517 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 Assets and the Statement of Activities. These statements provide information about the City as a whole using the accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to answer the question, "Is the City's financial position, as a whole, better or worse as a result of the year's activities?"

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



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

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

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

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

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

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements begin on page 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 government-wide statements, utilize the accrual basis of accounting, and the statements provide both short and long-term financial information.

The City's enterprise funds, one type of proprietary fund, are the same as the government-wide business type activities. However, the fund financial statements provide more detail and additional

information, such as cash flows. The City's enterprise funds include the electric operation, the water and wastewater operation, and the solid waste operation.

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

Fiduciary Funds – Assets held for the benefit of other governments, agencies, or individuals, not part of the City, are reported in a fiduciary fund. These activities are excluded from the government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. Certain federal and state revenues collected and held by 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 \$70,486,769 at the close of the most recent fiscal year.

By far the largest portion of the City of Radford's net assets (79%) 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 Assets:**

An additional portion of the City's net assets \$615,847 represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net assets, \$14,378,500, may be used to meet that government's ongoing obligations to citizens and creditors.

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

The City's combined net assets decreased from \$71,082,086 to \$70,486,769 as a result of a decrease in net assets of Governmental-type activities of \$809,953, and an increase of Business-type activities of \$214,636. The decrease in net assets of Governmental-type activities was driven by the completion of

the new public safety building. The increase in net assets of business-type activities is attributed to the \$1.1 million loaned to the IDA to pay off the loan for the Branwick building after it was sold, an increase in accounts payable due to an increase in the Appalachian Power Company (APCO) true up<sup>1</sup> as compared to the previous year, and an increase in long term liabilities for the loan for the intermediate water improvement system.

The following table presents a condensed summary of net assets at June 30, 2011:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2011	2010	2011	2010	2011	2010	2011	2010
Current and other assets	9,070,839	9,500,102	12,082,447	10,589,463	21,153,286	20,089,565	2,536,030	2,607,846
Capital assets, net	<u>61,717,937</u>	<u>58,418,212</u>	<u>22,065,518</u>	<u>22,281,992</u>	<u>83,783,455</u>	<u>80,700,204</u>	<u>6,600,343</u>	<u>8,820,096</u>
Total assets	<u>70,788,776</u>	<u>67,918,314</u>	<u>34,147,965</u>	<u>32,871,455</u>	<u>104,936,741</u>	<u>100,789,769</u>	<u>9,136,373</u>	<u>11,427,942</u>
Other liabilities	1,541,444	2,228,829	3,855,219	3,019,562	5,396,663	5,248,391	1,223,599	167,598
Long-term liabilities	<u>21,864,155</u>	<u>17,496,355</u>	<u>7,189,154</u>	<u>6,962,937</u>	<u>29,053,309</u>	<u>24,459,292</u>	<u>1,150,775</u>	<u>3,539,984</u>
Total liabilities	<u>23,405,599</u>	<u>19,725,184</u>	<u>11,044,373</u>	<u>9,982,499</u>	<u>34,449,972</u>	<u>29,707,683</u>	<u>2,374,374</u>	<u>3,707,582</u>
Net Assets:								
Invested in capital assets, net of related debt	40,402,563	41,472,798	15,089,859	15,534,890	55,492,422	57,007,688	6,600,343	6,632,663
Restricted	615,847	509,733	-	-	615,847	509,733	35,008	22,568
Unrestricted	<u>6,364,767</u>	<u>6,210,599</u>	<u>8,013,733</u>	<u>7,354,066</u>	<u>14,378,500</u>	<u>13,564,665</u>	<u>126,648</u>	<u>1,065,129</u>
Total net assets	<u>47,383,177</u>	<u>48,193,130</u>	<u>23,103,592</u>	<u>22,888,956</u>	<u>70,486,769</u>	<u>71,082,086</u>	<u>6,761,999</u>	<u>7,720,360</u>

(Remaining portion of this page left blank intentionally)

<sup>1</sup> The City's contract with APCO is based on a true cost of power each month plus a 12% add on. The City is billed on an estimated cost each month until APCO's books are closed at the end of the calendar year. We are then billed or credited a true-up for the previous year.

## Summary of Changes in Net Assets:

The following table shows the revenues and expenses of the government at June 30, 2011:

Summary of Changes in Net Assets For the Fiscal Year Ended June 30, 2011								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit	
	2011	2010	2011	2010	2011	2010	2011	2010
Revenues								
Program Revenues:								
Charges for Services	912,273	1,001,438	26,369,886	24,164,804	27,282,159	25,166,242	212,205	218,138
Operating grants and contributions	6,333,219	5,964,394	-	-	6,333,219	5,964,394	9,505,978	9,622,537
Capital grants and contributions	-	-	548,025	302,236	548,025	302,236	-	124,450
General Revenues:								
Property Taxes	7,329,530	7,234,689	-	-	7,329,530	7,234,689	-	-
Local sales and use taxes	873,384	831,986	-	-	873,384	831,986	-	-
Consumers' utility taxes	560,347	556,629	-	-	560,347	556,629	-	-
Business license taxes	414,298	398,683	-	-	414,298	398,683	-	-
Motor Vehicle Taxes	196,726	185,808	-	-	196,726	185,808	-	-
Restaurant food taxes	952,416	891,213	-	-	952,416	891,213	-	-
Other local taxes	538,664	473,263	-	-	538,664	473,263	-	-
Interest and rent income	150,447	143,927	603	5,307	151,050	149,234	35,311	45,430
Other income	284,625	304,016	-	-	284,625	304,016	77,028	60,215
Payments from business-type activities	1,688,205	1,765,114	-	-	1,688,205	1,765,114	-	-
Grants /contributions not restricted to specific programs	1,500,937	1,465,078	-	-	1,500,937	1,465,078	-	-
Gain on disposal of capital assets	2,050	127,883	-	-	2,050	127,883	-	-
Special items - impairment loss	-	-	-	-	-	-	-	-
Payments from other governments	-	-	-	-	-	-	4,972,512	8,031,959
Total Revenues	<u>21,737,121</u>	<u>21,344,121</u>	<u>26,918,514</u>	<u>24,472,347</u>	<u>48,655,635</u>	<u>45,816,468</u>	<u>14,803,034</u>	<u>18,102,729</u>
Expenses								
General Government	2,114,955	2,288,017	-	-	2,114,955	2,288,017	-	-
Judicial administration	1,108,911	1,155,145	-	-	1,108,911	1,155,145	-	-
Public Safety	6,244,619	6,387,807	-	-	6,244,619	6,387,807	-	-
Public Works	3,316,104	3,319,506	-	-	3,316,104	3,319,506	-	-
Health and Welfare	2,269,438	2,291,061	-	-	2,269,438	2,291,061	-	-
Education	4,812,897	8,334,559	-	-	4,812,897	8,334,559	14,616,361	15,143,535
Parks, recreation, and cultural	2,012,187	2,163,466	-	-	2,012,187	2,163,466	-	-
Community Development	1,606,945	669,451	-	-	1,606,945	669,451	1,390,545	104,086
Interest on long-term debt	883,852	771,041	-	-	883,852	771,041	135,380	187,644
Electric Operation	-	-	19,187,820	17,074,528	19,187,820	17,074,528	-	-
Water/Wastewater Operation	-	-	4,558,785	4,633,845	4,558,785	4,633,845	-	-
Solid Waste Operation	-	-	1,134,439	1,077,445	1,134,439	1,077,445	-	-
Communications Operation	-	-	-	15,000	-	15,000	-	-
Total Expenses	<u>24,369,908</u>	<u>27,380,053</u>	<u>24,881,044</u>	<u>22,800,818</u>	<u>49,250,952</u>	<u>50,180,871</u>	<u>16,142,286</u>	<u>15,435,265</u>
Transfers	1,822,834	2,357,390	(1,822,834)	(2,357,390)	-	-	-	-
Increase(Decrease) in Net Assets	(809,953)	(3,678,542)	214,636	(685,861)	(595,317)	(4,364,403)	(1,339,252)	2,667,464
Net Assets, Beginning	<u>48,193,130</u>	<u>51,871,672</u>	<u>22,888,956</u>	<u>23,574,817</u>	<u>71,082,086</u>	<u>75,446,489</u>	<u>8,101,251</u>	<u>5,052,896</u>
Net Assets, Ending	<u>47,383,177</u>	<u>48,193,130</u>	<u>23,103,592</u>	<u>22,888,956</u>	<u>70,486,769</u>	<u>71,082,086</u>	<u>6,761,999</u>	<u>7,720,360</u>

The property tax classification, which comprises approximately 34% 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 1% growth.

Charges for Services is showing an 8.9% decrease from the previous year. Last year was the first year all revenues for rescue services started flowing directly through the city as opposed to our contractor, Carilion Clinic Patient Transportation, LLC. All revenues were transferred to the city at that time, including amounts held in reserves. This explains the approximate \$90,000 drop. This year's collections are more indicative of normal activity.

Operating grants and contributions, which are state and federal aid, are up 6.2% due to mainly 3 factors:

- Street & Highway Maintenance funds up \$141,800 – The City Engineering office conducted an internal audit that compared the list of streets eligible for annual VDOT maintenance payments

with those that are actually receiving payment. A number of eligible streets, street sections, and intersections were found to be omitted from the VDOT list.

- Federal Grants up \$358,000 – The city received 2 US Department of Justice Community Oriented Policing Services grants OPS grants that were spent in FY 11 on furniture and equipment for the new Public Safety building.
- New River Valley Regional Hazardous Materials Response Team (NRV Hazmat Team) funding \$49,000 – In July 2010 the NRV Hazmat Team was formed and headquartered out of the Radford Fire Department. The VA Department of Emergency Management provides funding for operations and maintenance costs.

Motor vehicle taxes are up 5.9% due to increased efforts to assess students and rising new vehicle prices. Restaurant food taxes are up 6.9% due to the growth of eating establishments. Other local taxes increased 13.8% due to:

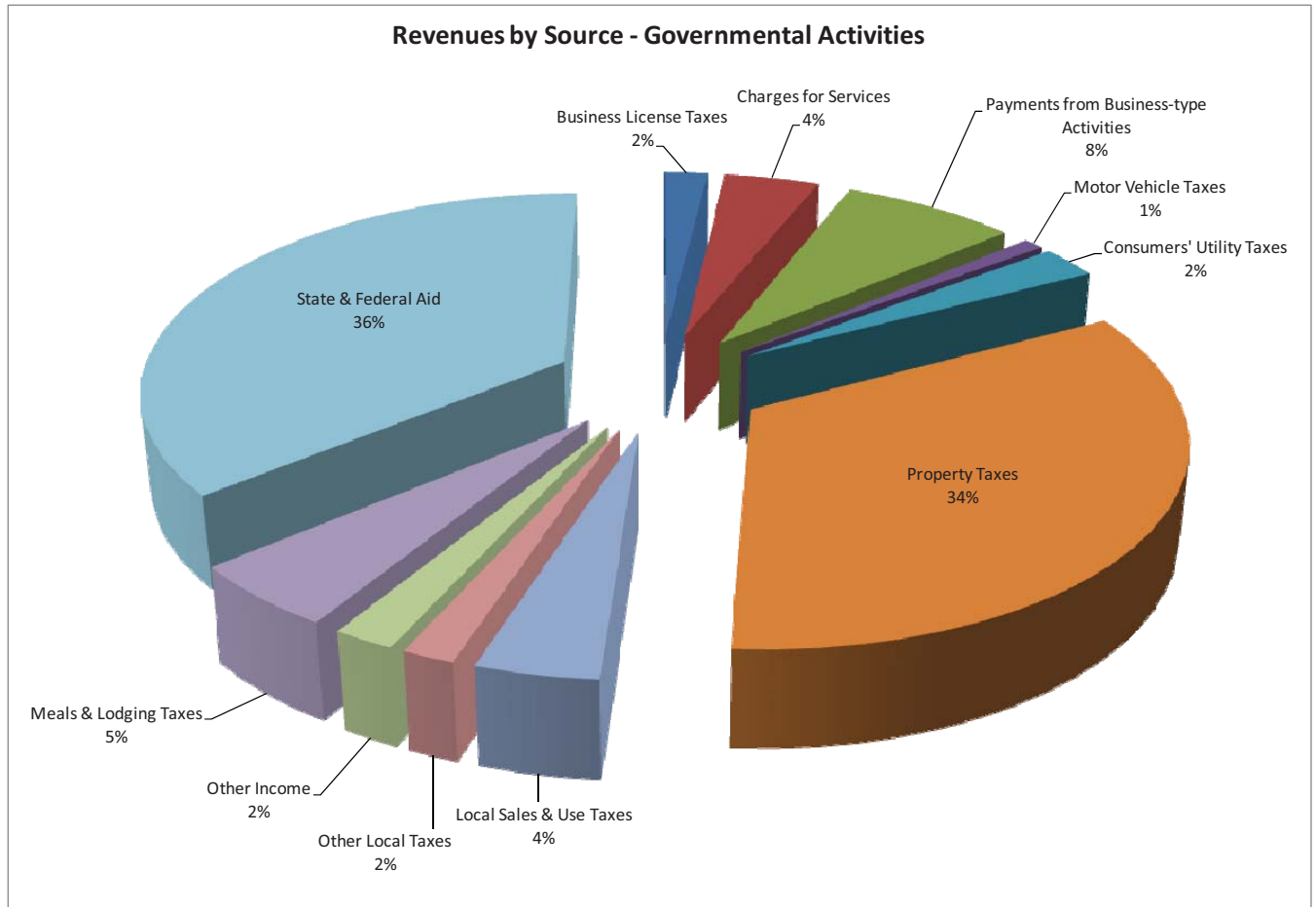
- Bank stock taxes up \$26,000 – 6 out of 7 banks that report to Radford were showing an increase in deposits resulting in an increase in taxes paid
- Recordation taxes up \$16,000 – several companies that have large holdings in Radford recorded deeds of trusts over \$1 million
- Hotel/motel room taxes up \$20,000 – attributed to an increase in room reservations

Other income is down 6.4% due to a decrease in revenue sharing with Pulaski County because of an error involving 7 businesses over a 3 year period that should have not been included in the payment.

Gain on disposal of capital assets is down 98.4%. We sold a large piece of equipment in FY 10 that did not occur in FY 11.

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Revenue generated for governmental activities are presented below by category:



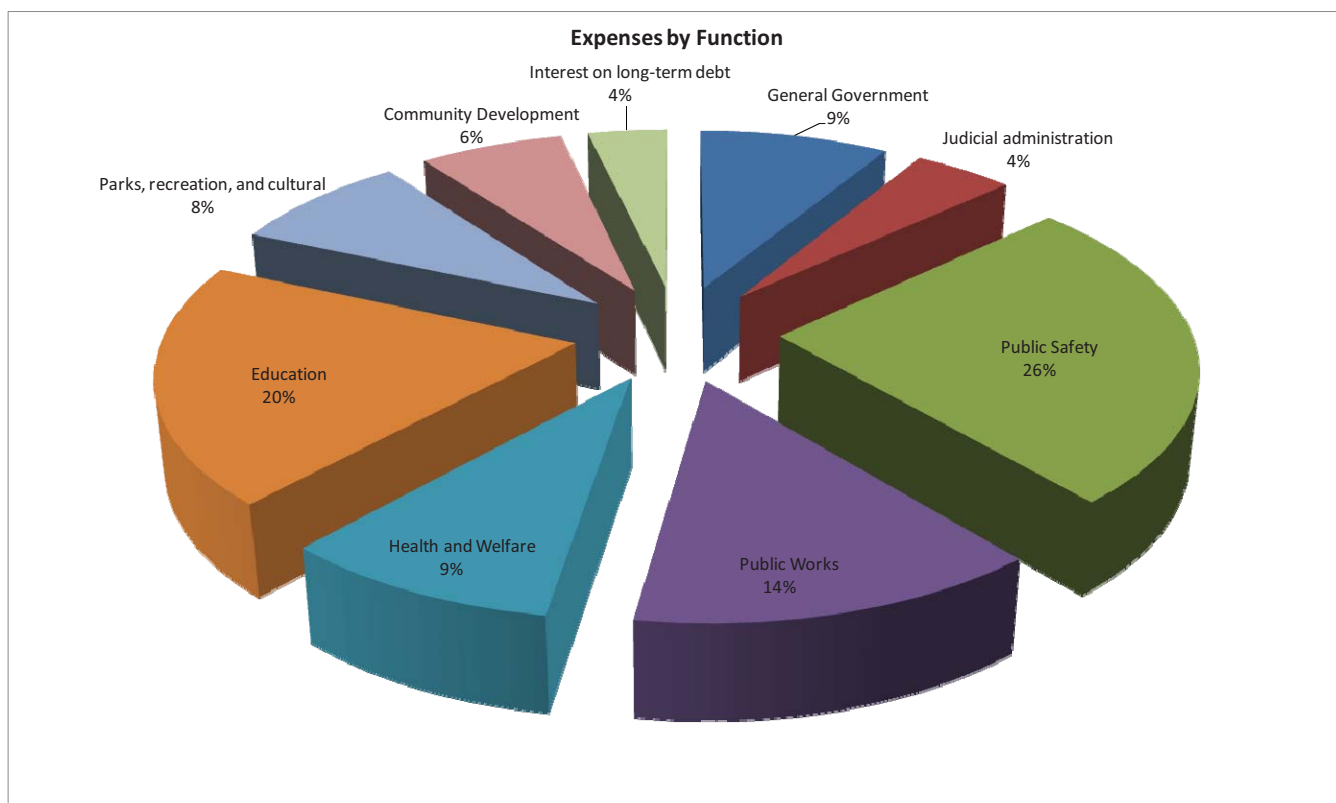
Expenses for governmental activities totaled \$24,369,908 for the year, which is down 11% from the previous year. No cost-of-living adjustments were made to salaries in FY 11. However, Council did provide for a \$400 bonus to all full time employees and \$50 to all part time employees. Health insurance premiums increased by 1.7%. General government expenses are down due to not filling the Assistant City Manager and Public Information Officer positions and a reduction in equipment upgrades for Information Technology as compared to the prior year. Parks, recreational, and cultural expenses are down due to the elimination of the Recreation/Fitness Activities Supervisor position at the Recreation Center and a reduction in expenses related to repairs on the recreation center's compressor and fire alarm system. Community Development is up considerably due to the transfer of funds from capital projects reserves to the IDA to pay off the Branwick building when it was sold. Interest on long-term debt is up due to the payments on the new public safety building.

Public Safety expenses comprise the largest portion of governmental expenses at 26%. This is down slightly from the prior year due to the police department spending considerably less on ammunition (only able to train once at the range in FY 11), purchasing 3 administrative vehicles, as opposed to the 4

patrol vehicles purchased the year before, and cyclical replacement of ballistic vests, in-car cameras, and speed measuring radar in FY 10. Funding for Education is the next largest portion of governmental expenses at 20%. This is down due to the completion of the new Belle Heth Elementary School.

Expenses for public works comprise 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. Expenses are level as compared to the prior year.

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, 2011, the governmental funds reflect a total fund balance of \$6,828,869. Of this amount, \$217,961 is nonspendable as it covers prepaid expenses. \$615,847 is restricted by grantors, higher levels of government, or law. \$3,482,544 is committed by Council. The remainder, \$2,512,517 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 \$2,512,517, while the total fund balance was \$5,495,221. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 12% of the total General Fund expenditures and other financing uses, while total fund balance represents 27% of that same amount.

The fund balance of the General Fund increased by \$12,032 during the current fiscal year. The transfer from the electric fund was decreased by \$422,000 to help offset the APCO true up paid by the electric fund.

Local taxes make up a large portion of General Fund revenues, totaling approximately \$10,553,539 in fiscal year 2011. Property taxes make up 66% of local taxes and were up about 1% from the prior year. All tax rates remained unchanged so this increase reflects modest growth. Other local taxes increased 14%. Each local tax category showed an increase in FY 11, most notably was bank stock taxes, recordation taxes, and hotel/motel room tax.

The Street Maintenance Fund accounts for revenues and expenditures related to the maintenance of the City's streets and other properties. Each year the City receives funds under the Virginia Department of Transportation Urban Street Maintenance program which are specifically restricted to be spent on streets and maintenance activities qualifying under the program. The City received \$1,911,779 during the fiscal year, an increase of 8% from last year. This fund is reported as a non-major fund along with the Grants Fund.

The Capital Projects Fund is used to account for long-term major construction projects of the general government. The entire fund balance is designated for future expenditures on capital projects. For fiscal year ended June 30, 2011, City Council designated \$595,244 towards new capital improvement projects. \$4,909,622 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 \$748,138.

#### **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.

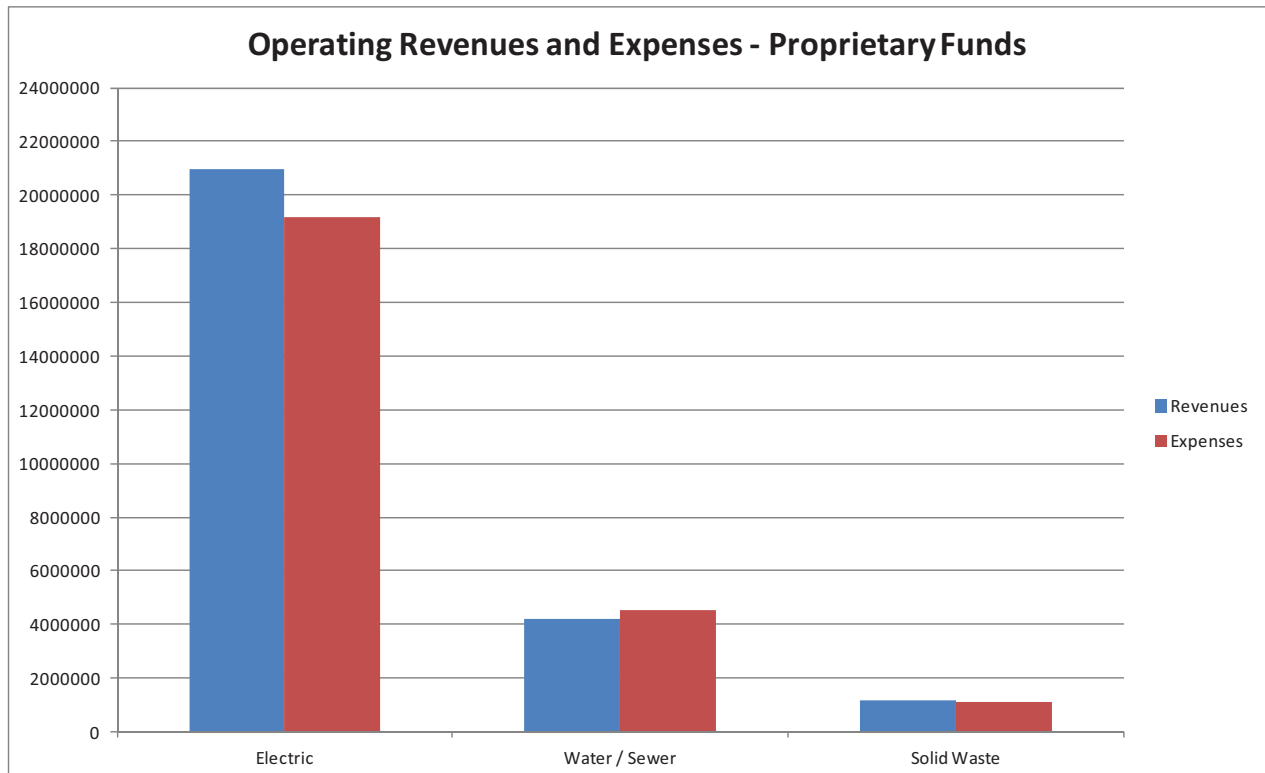
Unrestricted net assets for the Electric Fund amounted to \$6,470,867 at the end of the year, an increase of \$571,477 from the prior year or 10%. A transfer was not made to the capital projects fund and the



transfer to the general fund was decreased to compensate for the additional cost associated with the APCO true up.

Unrestricted net assets for the Water/Wastewater Fund amounted to \$1,074,561 at the end of the year, which is an increase of \$87,949. This increase can be attributed to an increase in accounts receivable and inventory and offset by an increase in amounts due to other funds.

Unrestricted net assets for the Solid Waste Fund amounted to \$468,305 at the end of the fiscal year, an increase of \$241 from the prior year.



## GENERAL FUND BUDGETARY HIGHLIGHTS

There were 30 amendments to the original budget during the 2010-2011 fiscal year. Significant increases in appropriations for the general fund budget are highlighted below:

- \$133,470 State Library Aid
- \$425,000 Community Development Block Grant Section 108 Grant
- \$150,000 Public Safety Answering Point Grant to upgrade telephone equipment for the new Emergency Communications Center
- \$1,474,709 Re-appropriate encumbrances carried over at 6/30/10
- \$246,855 2010-2011 Community Development Block Grant Allocation
- \$1,695,244 Transfer to the Industrial Development Authority for the Branwick Building loan pay off

- \$5,713,064 Re-appropriate grants and capital projects in progress at 6/30/10

## CAPITAL ASSETS

As of June 30, 2011, the City's capital assets for its governmental and business-type activities amounted to \$83,783,455 (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 \$3,083,251.

Major capital assets events during the year included the following:

- \$140,005 Solid Waste trash truck
- \$1,076,977 CIO for Intermediate Water Improvement Project
- \$150,000 VIPER phone system for dispatch
- \$121,132 microwave system for dispatch
- \$6,282,692 Public Safety Building

Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land	2,593,925	2,593,925	712,498	712,498	3,306,423	3,306,423
Construction in Progress	201,461	2,311,698	2,460,555	1,291,717	2,662,016	3,603,415
Building & Improvements	32,226,643	26,583,340	300,529	307,821	32,527,172	26,891,161
Machinery & Equipment	3,670,639	3,382,223	1,401,219	1,461,920	5,071,858	4,844,143
Plant & Infrastructure	23,025,269	23,547,026	17,190,717	18,508,036	40,215,986	42,055,062
Total	61,717,937	58,418,212	22,065,518	22,281,992	83,783,455	80,700,204

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

## LONG-TERM DEBT

At June 30, 2011, the City's long-term liabilities, not including compensated absences, claims payable, and OPEB obligations, totaled \$28,291,033 comprised of \$21,315,374 related to governmental activities, and \$6,975,659 related to business-type activities. Total debt increased by \$4,598,517 during the year. The City issued \$6,093,890 during the fiscal year and made principal payments totaling \$1,495,374.

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 \$26,624,275 applicable to the limit is below the legal debt limit of \$79,214,029.

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, 2011, \$13,466,448 of the governmental long-term debt was attributable to the School Board Component Unit for the construction of the new Belle

Heth Elementary School. In addition to bonded debt and capital lease obligations, the City's long-term obligations include compensated absences and the OPEB obligation. Additional information concerning the City's long-term liabilities is presented in note 7 of the Basic financial statements.

#### OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2009
General Obligation Bonds	20,605,534	16,175,099	6,018,841	6,617,134	26,624,375	22,792,233
Unamortized Premium	371,476	389,532	-	-	371,476	389,532
Lease Purchase	338,364	380,783	-	-	338,364	380,783
Bond Anticipation Note	-	-	-	-	-	-
Revenue Bonds	-	-	956,818	129,968	956,818	129,968
Total	21,315,374	16,945,414	6,975,659	6,747,102	28,291,033	23,692,516

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's unemployment rate is 7.7 % out of a workforce of 8,224. This is a decrease from the previous year which was 8.1% out of 8,320.

The City of Radford continues to feel significant losses in state supported revenues, sluggish real estate, industry cutbacks, as well as the overall stagnant health of the national economy. As a result of these influences, Radford will need to rely on the continued success of its manufacturing industries, growing the service sector of the economy and growth related to the expansion of the University. There are positive signs of a growing economy with slight increases in retail sales, restaurant and lodging taxes, and investments in new manufacturing. The community should see employment and investment growth, as well as increased utility usage from the reopening of the foundry, the location announcement of LabTech, Inc, and the construction of the new Radford University College of Business and Economics. Small business openings and tourism related activity have recently been on the rise.

For the 2011-2012 fiscal year, property tax rates remained the same. All utility rates, except for the electric wholesale power cost adjustment, remained unchanged from FY 11.

#### 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](http://www.radford.va.us).

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## Basic Financial Statements

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City of Radford, Virginia  
Statement of Net Assets  
June 30, 2011

June 30, 2011

	Primary Government			Component	Component
	Governmental	Business-type		Unit	Unit
	Activities	Activities	Total	School Board	IDA
ASSETS					
Cash and cash equivalents	\$ 6,520,408	\$ 6,772,584	\$ 13,292,992	\$ 478,007	\$ -
Investments	-	-	-	-	37,067
Receivables (net of allowance for uncollectibles):					
Taxes receivable	783,167	-	783,167	-	-
Accounts receivable	369,308	3,551,938	3,921,246	-	1,100,000
Internal balances	(25,052)	25,052	-	-	-
Due from component unit - IDA	-	1,100,000	1,100,000	-	-
Due from other governmental units	1,076,656	-	1,076,656	349,882	-
Inventories	83,669	578,789	662,458	5,136	-
Prepaid expenses	227,252	31,626	258,878	-	-
Deferred charges	-	22,458	22,458	-	-
Lease-purchase receivable	-	-	-	-	565,938
Restricted assets:					
Temporarily restricted:					
Cash and cash equivalents	35,431	-	35,431	-	-
Capital assets (net of accumulated depreciation):					
Land	2,593,925	712,498	3,306,423	33,433	380,891
Buildings and improvements	32,226,643	300,529	32,527,172	5,780,928	-
Machinery and equipment	3,670,639	1,401,219	5,071,858	405,091	-
Infrastructure and utility plants	23,025,269	17,190,717	40,215,986	-	-
Construction in progress	201,461	2,460,555	2,662,016	-	-
Total assets	70,788,776	34,147,965	104,936,741	7,052,477	2,083,896
LIABILITIES					
Accounts payable	674,253	3,381,400	4,055,653	51,031	-
Accrued wages	266,899	85,849	352,748	30,679	-
Customers' deposits	-	387,670	387,670	-	-
Amount held for others	76,156	-	76,156	-	-
Accrued interest payable	341,972	-	341,972	-	-
Due to primary government	-	-	-	-	1,100,000
Deferred revenue	182,164	-	182,164	41,889	-
Long-term liabilities:					
Due within one year	1,153,001	960,946	2,113,947	365,630	73,490
Due in more than one year	20,711,154	6,228,508	26,939,662	219,207	492,448
Total liabilities	23,405,599	11,044,373	34,449,972	708,436	1,665,938
NET ASSETS					
Invested in capital assets, net of related debt	40,402,563	15,089,859	55,492,422	6,219,452	380,891
Restricted	615,847	-	615,847	35,008	-
Unrestricted (deficit)	6,364,767	8,013,733	14,378,500	89,581	37,067
Total net assets	\$ 47,383,177	\$ 23,103,592	\$ 70,486,769	\$ 6,344,041	\$ 417,958

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, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	Component Units
								School Board
								IDA
<b>PRIMARY GOVERNMENT:</b>								
Governmental activities:								
General government administration	\$ 2,114,955	\$ 21,622	\$ 187,442	\$ -	\$ (1,905,891)	\$ -	\$ (1,905,891)	\$ -
Judicial administration	1,108,911	276,672	416,486	-	(415,753)	-	(415,753)	-
Public safety	6,244,619	465,363	1,735,631	-	(4,043,625)	-	(4,043,625)	-
Public works	3,316,104	39,030	1,917,120	-	(1,359,954)	-	(1,359,954)	-
Health and welfare	2,269,438	-	1,707,300	-	(562,138)	-	(562,138)	-
Education	4,812,897	-	-	-	(4,812,897)	-	(4,812,897)	-
Parks, recreation, and cultural	2,012,187	109,586	131,470	-	(1,771,131)	-	(1,771,131)	-
Community development	1,606,945	-	237,770	-	(1,369,175)	-	(1,369,175)	-
Interest on long-term debt	883,852	-	-	-	(883,852)	-	(883,852)	-
Total governmental activities	\$ 24,369,908	\$ 912,273	\$ 6,333,219	\$ -	\$ (17,124,416)	\$ -	\$ (17,124,416)	\$ -
<b>Business-type activities:</b>								
Water and sewer	\$ 4,558,785	\$ 4,202,208	\$ -	\$ 548,025	\$ -	\$ 191,448	\$ 191,448	\$ -
Electric	19,187,820	20,993,851	-	-	-	1,806,031	1,806,031	-
Nonmajor funds	1,134,439	1,173,827	-	-	-	39,388	39,388	-
Total business-type activities	\$ 24,881,044	\$ 26,369,886	\$ -	\$ 548,025	\$ -	\$ 2,036,867	\$ 2,036,867	\$ -
Total primary government	\$ 49,250,952	\$ 27,282,159	\$ 6,333,219	\$ 548,025	\$ (17,124,416)	\$ 2,036,867	\$ (15,087,549)	\$ -
<b>COMPONENT UNITS:</b>								
School Board	\$ 14,616,361	\$ 212,205	\$ 9,504,839	\$ -	\$ -	\$ -	\$ (4,899,317)	\$ -
IDA	1,525,925	-	1,139	-	-	-	-	(1,524,786)
Total component units	\$ 16,142,286	\$ 212,205	\$ 9,505,978	\$ -	\$ -	\$ -	\$ (4,899,317)	\$ (1,524,786)
General revenues:								
General property taxes					\$ 7,329,530	\$ -	\$ 7,329,530	\$ -
Other local taxes:								
Local sales and use taxes					873,384	-	873,384	-
Consumers' utility taxes					560,347	-	560,347	-
Business license taxes					414,298	-	414,298	-
Motor vehicle taxes					196,726	-	196,726	-
Restaurant food taxes					952,416	-	952,416	-
Other local taxes					538,664	-	538,664	-
Unrestricted revenues from the use of money and property					603	-	603	4,173
Miscellaneous					150,447	-	150,447	31,138
Contributions from the City of Radford					1,972,830	-	1,972,830	76,714
Grants and contributions not restricted to specific programs					-	-	-	4,377,268
Gain on disposal of capital assets					1,500,937	-	1,500,937	-
Transfers					2,050	-	2,050	-
Total general revenues, special items and transfers					1,822,834	(1,822,834)	-	-
Change in net assets					\$ 16,314,463	\$ (1,822,231)	\$ 14,492,232	\$ 4,458,155
Net assets - beginning					\$ (809,953)	\$ 214,636	\$ (595,317)	\$ (441,162)
Net assets - ending					\$ 47,383,177	\$ 23,103,592	\$ 70,486,769	\$ 6,344,041

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

City of Radford, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,300,617	\$ 912,754	\$ 483,459	\$ 6,696,830
Receivables (net of allowance for uncollectibles):				
Taxes receivable	783,167	-	-	783,167
Accounts receivable	365,693	-	1,133	366,826
Due from other governmental units	552,168	-	524,488	1,076,656
Prepaid items	201,236	-	16,725	217,961
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	-	35,431	-	35,431
Total assets	7,202,881	948,185	1,025,805	9,176,871
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	430,599	53,239	163,263	647,101
Accrued wages and benefits	229,174	-	31,912	261,086
Accrued vacation and sick pay	75,425	-	11,526	86,951
Amounts held for others	76,156	-	-	76,156
Reconciled overdraft	-	-	380,402	380,402
Due to other funds	25,052	-	-	25,052
Deferred revenue	871,254	-	-	871,254
Total liabilities	1,707,660	53,239	587,103	2,348,002
Fund balances:				
Nonspendable	201,236	-	16,725	217,961
Restricted (Note 18)	580,416	35,431	-	615,847
Committed (Note 18)	2,201,052	859,515	421,977	3,482,544
Unassigned	2,512,517	-	-	2,512,517
Total fund balances	5,495,221	894,946	438,702	6,828,869
Total liabilities and fund balances	\$ 7,202,881	\$ 948,185	\$ 1,025,805	\$ 9,176,871

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

City of Radford, Virginia  
Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Assets  
June 30, 2011

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 6,828,869
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$41,639 in Internal Service Fund capital assets).	61,676,298
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	689,090
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	299,569
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(22,110,649)
Net assets of governmental activities	<u>\$ 47,383,177</u>

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



City of Radford, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 7,017,704	\$ -	\$ -	\$ 7,017,704
Other local taxes	3,535,835	-	-	3,535,835
Permits, privilege fees, and regulatory licenses	35,757	-	-	35,757
Fines and forfeitures	224,244	-	-	224,244
Revenue from the use of money and property	150,356	91	-	150,447
Charges for services	618,768	-	33,504	652,272
Miscellaneous	1,969,563	-	3,267	1,972,830
Recovered costs	59,580	-	-	59,580
Intergovernmental revenues:				
Commonwealth	4,160,473	-	2,178,154	6,338,627
Federal	696,585	-	798,944	1,495,529
Total revenues	<u>18,468,865</u>	<u>91</u>	<u>3,013,869</u>	<u>21,482,825</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	2,006,186	-	-	2,006,186
Judicial administration	1,082,538	-	-	1,082,538
Public safety	5,861,618	-	837,970	6,699,588
Public works	747,137	-	1,920,575	2,667,712
Health and welfare	2,250,609	-	2,765	2,253,374
Education	4,498,458	-	-	4,498,458
Parks, recreation, and cultural	1,778,938	-	-	1,778,938
Community development	425,513	-	652,133	1,077,646
Capital projects	-	4,784,258	-	4,784,258
Debt service:				
Principal retirement	846,188	9,878	-	856,066
Interest and other fiscal charges	757,344	115,486	-	872,830
Total expenditures	<u>20,254,529</u>	<u>4,909,622</u>	<u>3,413,443</u>	<u>28,577,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,785,664)</u>	<u>(4,909,531)</u>	<u>(399,574)</u>	<u>(7,094,769)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,803,761	19,073	8,115	1,830,949
Transfers out	(8,115)	-	-	(8,115)
Bond issuance	-	4,819,081	425,000	5,244,081
Sale of capital assets	2,050	-	-	2,050
Total other financing sources (uses)	<u>1,797,696</u>	<u>4,838,154</u>	<u>433,115</u>	<u>7,068,965</u>
Net change in fund balances	12,032	(71,377)	33,541	(25,804)
Fund balances - beginning	5,483,189	966,323	405,161	6,854,673
Fund balances - ending	<u>\$ 5,495,221</u>	<u>\$ 894,946</u>	<u>\$ 438,702</u>	<u>\$ 6,828,869</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, 2011

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

Net change in fund balances - total governmental funds	\$ (25,804)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	3,304,139
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	311,826
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,388,015)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(14,089)
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	1,990
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Change in net assets of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 2px 10px;">\$ (809,953)</div>
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The notes to the financial statements are an integral part of this statement.

City of Radford, Virginia  
Statement of Net Assets  
Proprietary Funds  
June 30, 2011

	Enterprise Funds				Internal Service Fund
	Water and Sewer	Electric Fund	Solid Waste Fund	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 713,699	\$ 5,710,476	\$ 348,409	\$ 6,772,584	\$ 203,980
Accounts receivable, net of allowance for uncollectibles	542,652	2,851,153	158,133	3,551,938	2,482
Due from other funds	-	152,726	62,870	215,596	-
Due from component unit - IDA	-	1,100,000	-	1,100,000	-
Inventories	216,355	362,434	-	578,789	83,669
Prepaid expenses	10,955	13,485	7,186	31,626	9,291
Total current assets	1,483,661	10,190,274	576,598	12,250,533	299,422
Noncurrent assets:					
Other assets:					
Deferred charges	22,458	-	-	22,458	-
Capital assets:					
Land	188,734	523,764	-	712,498	-
Utility plant and lines in service	27,124,349	16,701,198	-	43,825,547	-
Buildings and improvements	24,143	414,896	-	439,039	27,218
Machinery and equipment	1,307,512	5,228,866	1,038,138	7,574,516	291,523
Construction in progress	2,460,555	-	-	2,460,555	-
Less accumulated depreciation	(15,802,508)	(16,628,168)	(515,961)	(32,946,637)	(277,102)
Total capital assets	15,302,785	6,240,556	522,177	22,065,518	41,639
Total noncurrent assets	15,325,243	6,240,556	522,177	22,087,976	41,639
Total assets	16,808,904	16,430,830	1,098,775	34,338,509	341,061
LIABILITIES					
Current liabilities:					
Accounts payable	140,424	3,171,045	69,931	3,381,400	27,152
Salaries and wages payable	24,573	48,468	12,808	85,849	5,813
Customers' deposits	34,644	353,026	-	387,670	-
Due to other funds	177,912	12,632	-	190,544	-
Compensated absences - current portion	40,504	100,677	19,166	160,347	6,395
Bonds payable - current portion	750,944	49,655	-	800,599	-
Total current liabilities	1,169,001	3,735,503	101,905	5,006,409	39,360
Noncurrent liabilities:					
Compensated absences - net of current portion	13,501	33,559	6,388	53,448	2,132
Bonds payable - net of current portion	5,747,444	427,616	-	6,175,060	-
Total noncurrent liabilities	5,760,945	461,175	6,388	6,228,508	2,132
Total liabilities	6,929,946	4,196,678	108,293	11,234,917	41,492
NET ASSETS					
Invested in capital assets, net of related debt	8,804,397	5,763,285	522,177	15,089,859	41,639
Unrestricted	1,074,561	6,470,867	468,305	8,013,733	257,930
Total net assets	\$ 9,878,958	\$ 12,234,152	\$ 990,482	\$ 23,103,592	\$ 299,569

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

City of Radford, Virginia  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2011

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	Funds
<b>OPERATING REVENUES</b>					
Charges for services:					
Water sales	\$ 1,832,522	\$ -	\$ -	\$ 1,832,522	\$ -
Electric sales	-	20,725,685	-	20,725,685	-
Sanitation charges	-	-	1,173,827	1,173,827	-
Internal service charges	-	-	-	-	851,022
Sewer sales	2,122,478	-	-	2,122,478	-
Tap fees	9,277	-	-	9,277	-
Connection fees	30,771	-	-	30,771	-
Availability fees	102,355	-	-	102,355	-
Penalties	73,584	179,397	-	252,981	-
Miscellaneous revenue	31,221	49,575	-	80,796	-
Other revenues	-	39,194	-	39,194	-
Total operating revenues	4,202,208	20,993,851	1,173,827	26,369,886	851,022
<b>OPERATING EXPENSES</b>					
Personnel	945,173	1,771,765	504,111	3,221,049	226,389
Professional services	42,850	105,467	165	148,482	-
Automotive expenses	65,714	62,879	127,352	255,945	483,392
Office supplies and expenses	2,718	3,650	152	6,520	589
Risk management	39,012	23,835	9,366	72,213	3,908
Postal services	2,498	195	-	2,693	-
Telecommunications	15,007	10,345	486	25,838	675
Conferences and education	1,466	7,491	-	8,957	-
Dues and memberships	891	9,852	-	10,743	-
Heating service	8,265	-	-	8,265	2,068
Repairs and maintenance	43,012	304,981	-	347,993	60,597
Janitorial supplies	583	876	-	1,459	312
Tools	(735)	25,846	-	25,111	2,061
Lease/rentals	4,205	84	-	4,289	-
Agricultural supplies	324	-	-	324	-
Uniforms	4,222	19,025	1,617	24,864	341
Building expenses	3,620	636	5,304	9,560	29,418
Solid waste services	1,776	1,200	58,645	61,621	-
Electrical service	200,077	917	-	200,994	29,812
Supplies	9,199	-	-	9,199	-
Purchase of electricity	-	15,061,909	-	15,061,909	-
Services from other governments	1,647,767	-	226,867	1,874,634	-
Payment in lieu of taxes	578,877	1,011,145	98,183	1,688,205	-
Miscellaneous	1,792	22,893	14,327	39,012	3,074
Chemicals and gases	65,362	-	-	65,362	1,982
Depreciation	838,434	723,946	87,864	1,650,244	4,414
Total operating expenses	4,522,109	19,168,937	1,134,439	24,825,485	849,032
Operating income (loss)	(319,901)	1,824,914	39,388	1,544,401	1,990
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment earnings	4,663	(4,060)	-	603	-
Interest expense	(36,676)	(18,883)	-	(55,559)	-
Total nonoperating revenues (expenses)	(32,013)	(22,943)	-	(54,956)	-
Income before contributions and transfers	(351,914)	1,801,971	39,388	1,489,445	1,990
Capital contributions and construction grants	548,025	-	-	548,025	-
Transfers out	(19,073)	(1,803,761)	-	(1,822,834)	-
Change in net assets	177,038	(1,790)	39,388	214,636	1,990
Total net assets - beginning	9,701,920	12,235,942	951,094	22,888,956	297,579
Total net assets - ending	\$ 9,878,958	\$ 12,234,152	\$ 990,482	\$ 23,103,592	\$ 299,569

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, 2011

	Enterprise Funds				Internal
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 4,120,517	\$ 20,353,955	\$ 1,174,726	\$ 25,649,198	\$ -
Receipts from interfund services	-	-	-	-	858,221
Payments to suppliers	(2,784,217)	(15,872,924)	(545,374)	(19,202,515)	(637,192)
Payments to employees	(935,191)	(1,782,250)	(494,607)	(3,212,048)	(228,709)
Net cash provided (used) by operating activities	401,109	2,698,781	134,745	3,234,635	(7,680)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers to other funds	(19,073)	(1,803,761)	-	(1,822,834)	-
Advances from other funds	61,094	(16,250)	-	44,844	-
Advances to other funds	-	(65,724)	(18,003)	(83,727)	-
Net cash provided (used) by noncapital financing activities	42,021	(1,885,735)	(18,003)	(1,861,717)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Additions to utility plant, equipment (1)	(1,203,954)	(102,805)	(127,011)	(1,433,770)	-
Principal payments on bonds	(573,378)	(47,874)	-	(621,252)	-
Contributions in aid of construction	849,808	-	-	849,808	-
Proceeds from indebtedness	849,809	-	-	849,809	-
Interest payments	(34,678)	(18,883)	-	(53,561)	-
Net cash provided (used) by capital and related financing activities	(112,393)	(169,562)	(127,011)	(408,966)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Loan to Industrial Development Authority	-	(1,100,000)	-	(1,100,000)	-
Interest and dividends received	4,663	(4,060)	-	603	-
Net cash provided (used) by investing activities	4,663	(1,104,060)	-	(1,099,397)	-
Net increase (decrease) in cash and cash equivalents	335,400	(460,576)	(10,269)	(135,445)	(7,680)
Cash and cash equivalents - beginning	378,299	6,171,052	358,678	6,908,029	211,660
Cash and cash equivalents - ending	\$ 713,699	\$ 5,710,476	\$ 348,409	\$ 6,772,584	\$ 203,980
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (319,901)	\$ 1,824,914	\$ 39,388	\$ 1,544,401	\$ 1,990
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	838,434	723,946	87,864	1,650,244	4,414
(Increase) decrease in accounts receivable	(85,722)	(666,123)	899	(750,946)	7,199
(Increase) decrease in inventories	(50,041)	14,430	-	(35,611)	(16,676)
(Increase) decrease in prepaid expenses	(2,050)	(2,444)	(2,276)	(6,770)	724
Increase (decrease) in customer deposits	4,031	26,227	-	30,258	-
Increase (decrease) in operating payables	6,376	788,316	(634)	794,058	(3,011)
Increase (decrease) in salaries and wages payable	3,625	4,434	2,982	11,041	342
Increase (decrease) in accrued leave	6,357	(14,919)	6,522	(2,040)	(2,662)
Total adjustments	721,010	873,867	95,357	1,690,234	(9,670)
Net cash provided (used) by operating activities	\$ 401,109	\$ 2,698,781	\$ 134,745	\$ 3,234,635	\$ (7,680)

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

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

City of Radford, Virginia  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 25,601
Total assets	<u>25,601</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	5,209
Amounts held for CSA program	20,392
Total liabilities	<u>\$ 25,601</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, 2011

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**Note 1-Summary of Significant Accounting Policies:**

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

**A. Reporting Entity**

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

Blended component units - None

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

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

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

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

Jointly Governed Organizations - The City of Radford jointly governs the Pepper's Ferry Regional Wastewater Treatment Authority with the Board of Supervisors for the Counties of Pulaski and Montgomery and the 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 of Radford paid \$1,647,767 to the Pepper's Ferry Regional Wastewater Treatment Authority.

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

**A. Reporting Entity (Continued)**

The City of Radford is also a member of the New River Resource Authority, which it jointly governs with the County of Pulaski, the Town of Pulaski, the Town of Dublin, and Counties of Montgomery and Giles. The City of Radford appoints two members to the Authority's seven-member board of directors. The City of Radford paid \$226,867 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 \$671,972 to the New River Regional Jail Authority for incarceration services.

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

**B. Government-wide and fund financial statements**

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

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

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



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

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

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

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

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

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

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

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for 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.

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

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

The government reports the following major proprietary funds:

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

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

The government reports the following non-major proprietary funds:

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

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 non-major special revenue funds.

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

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

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

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

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

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

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

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

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

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

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

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

2. Receivables and payables

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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

3. Property Taxes

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

4. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$362,796 at June 30, 2011. The allowance consists of delinquent taxes in the amount of \$179,436, delinquent water and sewer bills of \$26,215, delinquent solid waste fees of \$8,319, and delinquent electric bills of \$148,826.

5. Use of Estimates

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

6. Capital assets

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

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

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

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

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

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

**7. Compensated Absences**

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

**8. Long-term obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. Net Assets**

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

**10. 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)**

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

11. Fund equity

Beginning with fiscal year 2011, the City of Radford, Virginia implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. 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).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds”. The details of this (\$22,110,649) difference for the primary government are as follows:

	Primary Government
Bonds payable	\$ (20,605,534)
Premium on bond issuance	(371,476)
Accrued interest payable	(341,972)
Capital lease purchase	(338,364)
OPEB obligation	(42,237)
Compensated absences - long-term portion	(411,066)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u><u>\$ (22,110,649)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$3,304,139 difference for the primary government are as follows:

	Primary Government
Capital outlays	\$ 5,483,697
Depreciation expenses	(2,179,558)
Net adjustment to increase (decrease) <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 3,304,139</u></u>



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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

Another element of that reconciliation states “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this (\$4,388,015) difference in the primary government are as follows:

	Primary Government
Debt Issued or incurred:	
Bond Issuance	\$ (5,244,081)
Principal repayments:	
General obligation debt	<u>856,066</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (4,388,015)</u></u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(14,089) difference for the primary government are as follows:

	Primary Government
(Increase) decrease in compensated absences - long-term portion	\$ 4,734
Amortization of bond premiums	18,056
(Increase) decrease in opeb liability	(7,801)
(Increase) decrease in accrued interest	<u>(29,078)</u>
Net adjustment to increase (decrease) <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ (14,089)</u></u>



**Note 3-Stewardship, Compliance, and Accountability:**

A. Budgetary information

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

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

B. Excess of expenditures over appropriations

For the year ended June 30, 2011, expenditures in the Electric Fund exceeded appropriations.

C. Deficit fund equity

At June 30, 2011, there were no funds with deficit fund equity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 4-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, 2011 were rated by Standard and Poor's rating scale and the ratings are presented below.

City's Rated Debt Investments' Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
LGIP	\$ 7,664,723
SNAP	35,522

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 5-Due from Other Governmental Units:**

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

	Primary Government
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 144,755
Local communication tax	118,377
Categorical aid-other	294,365
Non-categorical aid	41,554
Categorical aid-Virginia Public Assistance	52,133
Categorical aid-Comprehensive Services Act	47,668
<u>Federal Government:</u>	
Categorical aid-Virginia Public Assistance	50,073
Categorical aid-other	307,153
	<hr/>
Total	\$ 1,056,078

**Note 6-Interfund Transfers/Component Unit Contributions:**

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Fund	Transfers In	Transfers Out
<u>Primary Government:</u>		
General Fund	\$ 1,803,761	\$ 8,115
Capital Projects Fund	19,073	-
Grants Fund	8,115	-
Electric Fund	-	1,803,761
Water and Sewer Fund	-	19,073
Total	<hr/> \$ 1,830,949	<hr/> \$ 1,830,949

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

Primary government contributions to component units for the year ended June 30, 2011, consisted of the following and include the transfer of funds for debt-financed projects:

Component Unit:	
School Board	\$ 4,377,268
Industrial Development Authority	595,244
Total	<u>\$ 4,972,512</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.

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

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

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 713,946	\$ 931,689
2013	828,512	877,093
2014	853,850	844,948
2015	860,872	811,251
2016	670,797	780,019
2017-2021	3,588,364	3,415,905
2022-2026	4,209,650	2,493,501
2027-2031	4,194,558	1,430,167
2032-2036	2,727,833	623,442
2037-2041	1,407,605	257,695
2042-2046	549,547	19,885
Totals	<u>\$ 20,605,534</u>	<u>\$ 12,485,595</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2011.

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
General Obligation				
Bonds	\$ 16,175,100	\$ 5,244,081	\$ (813,647)	\$ 20,605,534
Unamortized Premium	389,532	-	(18,056)	371,476
Lease Purchase	380,783	-	(42,419)	338,364
OPEB obligation	34,436	23,711	(15,910)	42,237
Compensated Absences	516,505	377,418	(387,379)	506,544
Total	\$ 17,496,356	\$ 5,645,210	\$ (1,277,411)	\$ 21,864,155

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

## Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
General Obligation Bonds and Notes:						
GO Bond	3.59%	9/12/2003	2019	\$ 1,559,255	\$ 337,609	\$ 42,068
GO Bond	2.97%	4/7/2004	2015	2,202,000	856,014	209,230
GO Bond	4.6-5.1%	5/15/2008	2034	8,120,000	7,780,000	185,000
GO Bond	3.6-5.35%	12/11/2008	2029	5,797,690	5,314,972	247,533
GO Bond	Libor + .02%	7/15/2010	2025	425,000	425,000	22,000
GO Bond	4.00%	5/7/2010	2043	6,500,000	5,891,939	8,115
Subtotal GO Bonds and Notes					\$ 20,605,534	\$ 713,946
Add: Bond Premium	n/a	n/a	n/a	n/a	255,533	-
Bond Premium	n/a	n/a	n/a	n/a	115,943	-
Total GO Bonds and Notes					\$ 20,977,010	\$ 713,946
Other Obligations:						
Capital Lease	3.49%	6/13/2008	2018	\$ 461,638	\$ 338,364	\$ 43,804
OPEB Obligation	n/a	n/a	n/a	n/a	42,237	-
Comp. Absences	n/a	n/a	n/a	n/a	506,544	395,251
Total Long-term Debt					\$ 21,864,155	\$ 1,153,001

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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

Water/Wastewater Fund				
Year Ending June 30,	Revenue Bonds		General Obligation	
	Principal	Interest	Principal	Interest
2012	\$ 38,437	\$ -	\$ 712,507	\$ 187,831
2013	38,437	-	733,505	161,604
2014	38,437	-	755,266	134,613
2015	38,437	-	777,819	106,830
2016	38,437	-	801,192	78,228
2017-2021	192,180	-	1,726,631	76,373
2022-2026	187,987	-	34,650	-
2027-2031	150,258	-	-	-
2032-2036	150,257	-	-	-
2037-2038	83,951	-	-	-
Totals	\$ 956,818	\$ -	\$ 5,541,570	\$ 745,479

Electric Fund		
Year Ending June 30,	General Obligation	
	Principal	Interest
2012	\$ 49,655	\$ 15,867
2013	51,416	14,106
2014	53,240	12,283
2015	55,128	10,395
2016	57,083	8,439
2017-2021	210,749	13,592
Totals	\$ 477,271	\$ 74,682

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

The following is a summary of long-term debt transactions of the Enterprise Funds for the year ended June 30, 2011.

	Balance July 1, 2010	Issuances	Retirements	Balance June 30, 2011
Revenue Bonds	\$ 130,421	\$ 849,809	\$ (23,412)	\$ 956,818
General Obligation Bonds	6,616,681	-	(597,840)	6,018,841
Compensated Absences	215,835	159,836	(161,876)	213,795
Total	<u>\$ 6,962,937</u>	<u>1,009,645</u>	<u>\$ (783,128)</u>	<u>\$ 7,189,454</u>

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

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Water/Wastewater Fund						
Revenue Bonds:						
Revenue Bond	0.00%	9/29/2005	2026	\$ 167,700	\$ 121,582	\$ 8,385
Revenue Bond	0.00%	1/1/2010	2041	901,546	835,236	30,052
Total Revenue Bonds					<u>\$ 956,818</u>	<u>\$ 38,437</u>
General Obligation Bonds:						
GO Bond	2.97%	8/1/1996	2016	\$ 2,500,000	\$ 649,234	\$ 125,000
GO Bond	3.59%	9/12/2003	2018	6,440,745	4,012,077	499,932
GO Bond	3.49%	12/7/2004	2020	1,196,530	745,919	77,606
GO Bond	0.00%	7/30/2004	2024	337,660	134,340	9,969
Total General Obligation Bonds					<u>\$ 5,541,570</u>	<u>\$ 712,507</u>
Other Obligations:						
Comp. Absences	n/a	n/a	n/a	n/a	\$ 54,005	\$ 40,504
Total Long-term Debt-Water/Sewer Fund					<u>\$ 6,552,393</u>	<u>\$ 791,448</u>
Electric Fund						
General Obligation Bonds:						
GO Bond	3.49%	12/7/2004	2020	\$ 763,470	\$ 477,271	\$ 49,655
Other Obligations:						
Comp. Absences	n/a	n/a	n/a	n/a	\$ 134,236	\$ 100,677
Total Long-term Debt-Electric Fund					<u>\$ 611,507</u>	<u>\$ 150,332</u>
Other Funds						
Other Obligations:						
Comp. Absences	n/a	n/a	n/a	n/a	\$ 25,554	\$ 19,166
Total Long-term Debt-Other Funds					<u>\$ 25,554</u>	<u>\$ 19,166</u>
Grand Total Long-term debt					<u><u>\$ 7,189,454</u></u>	<u><u>\$ 960,946</u></u>



**Note 8-Employee Retirement System and Pension Plans:**

**A. Plan Description**

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

All full-time, salaried permanent employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan. VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who have service credits before July 1, 2010 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or at age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least 10 years of service credit or at age 50 with at least five years of service credit.
- Members hired or rehired on or after July 1, 2010 and who have no service credits before July 1, 2010 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by employer. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011**Note 8-Employee Retirement System and Pension Plans: (Continued)****A. Plan Description (Continued)**

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 6.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the report may be obtained from the VRS Web site at <http://www.varetire.org/Pdf/Publications/2010-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. 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 2011 was 9.15% of annual covered payroll.

**C. Annual Pension Cost**

For fiscal year 2011, the City of Radford, Virginia's annual pension cost of \$1,189,537 (which includes \$420,331 employee portion assumed by employer) was equal to the City of Radford, Virginia's required and actual contributions.

**Three-Year Trend Information**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost * (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
June 30, 2011	\$ 1,189,537	100%	\$ -
June 30, 2010	1,200,614	100%	-
June 30, 2009	1,254,176	100%	-

\* Includes employer costs and employee costs assumed by the City.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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**Note 8-Employee Retirement System and Pension Plans: (Continued)**

**C. Annual Pension Cost: (Continued)**

The FY 2011 required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2009 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City'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.

**D. Funding Status and Funding Progress**

As of June 30, 2010, the most recent actuarial valuation date, the plan was 78.61% funded. The actuarial accrued liability for benefits was \$41,880,630, and the actuarial value of assets was \$32,921,457, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,959,173. The covered payroll (annual payroll of active employees covered by the plan) was \$8,524,036, and ratio of the UAAL to the covered payroll was 105.10%.

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 9-Other Postemployment Benefits (OPEB): (Continued)****A. Plan Description**

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

**B. Funding Policy**

The City currently pays for post-retirement health care benefits on a pay-as-you-go basis. The City currently has 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, 2011:

Participants	Monthly Premium
Employee	\$ 522

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.

**C. Annual OPEB Cost**

For 2011, the City's annual OPEB cost (expense) was \$23,711 and the ARC was \$23,649. The obligation calculation is as follows:

Annual required contribution	\$ 23,649
Interest on net OPEB obligation	1,377
Adjustment to annual required contribution	(1,315)
Annual OPEB cost (expense)	23,711
Contributions made	15,910
Increase in net OPEB obligation	7,801
Net OPEB obligation - beginning of year	34,436
Net OPEB obligation - ending of year	\$ 42,237

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 23,711	67%	\$ 42,237
6/30/2010	21,958	22%	34,436
6/30/2009	21,927	22%	17,202

**D. Funded Status and Funding Progress**

The funded status of the Plan as of June 30, 2011 (the most recent valuation date), was as follows:

Actuarial accrued liability (AAL)	\$ 367,844
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 367,844
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,953,383
UAAL as a percentage of covered payroll	18.83%

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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

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, 2011, 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 over the remaining amortization period, which at June 30, 2011, was 25.5 years.

**Note 10-Deferred Revenue:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$871,254 is comprised of the following:

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2011, but paid in advance by the taxpayers totaled \$182,164 at June 30, 2011.

Uncollected Taxes - Property taxes receivable that are not collected within 60 days after year-end are reflected as deferred revenues. These taxes totaled \$689,090 at June 30, 2011.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 11-Capital Assets:**

Capital asset activity for the year ended June 30, 2011 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	2,311,698	34,712	(2,144,949)	201,461
Total capital assets not being depreciated	<u>\$ 4,905,623</u>	<u>\$ 34,712</u>	<u>\$ (2,144,949)</u>	<u>\$ 2,795,386</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 30,277,765	\$ 6,282,691	\$ -	\$ 36,560,456
Infrastructure	50,101,617	299,432	-	50,401,049
Machinery and equipment	9,605,608	1,011,811	(54,986)	10,562,433
Total capital assets being depreciated	<u>\$ 89,984,990</u>	<u>\$ 7,593,934</u>	<u>\$ (54,986)</u>	<u>\$ 97,523,938</u>
Less: accumulated depreciation for:				
Buildings and improvements	\$ (3,694,425)	\$ (639,388)	\$ -	\$ (4,333,813)
Infrastructure	(26,554,591)	(821,189)	-	(27,375,780)
Machinery and equipment	(6,223,385)	(723,395)	54,986	(6,891,794)
Total accumulated depreciation	<u>\$ (36,472,401)</u>	<u>\$ (2,183,972)</u>	<u>\$ 54,986</u>	<u>\$ (38,601,387)</u>
Total capital assets being depreciated, net	<u>\$ 53,512,589</u>	<u>\$ 5,409,962</u>	<u>\$ -</u>	<u>\$ 58,922,551</u>
Governmental activities capital assets, net	<u>\$ 58,418,212</u>	<u>\$ 5,444,674</u>	<u>\$ (2,144,949)</u>	<u>\$ 61,717,937</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 11-Capital Assets: (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 712,498	\$ -	\$ -	\$ 712,498
Construction in progress	1,291,717	1,168,838	-	2,460,555
Total capital assets not being depreciated	<u>\$ 2,004,215</u>	<u>\$ 1,168,838</u>	<u>\$ -</u>	<u>\$ 3,173,053</u>
Capital assets, being depreciated:				
Buildings and structures	\$ 433,939	\$ 5,100	\$ -	\$ 439,039
Machinery and equipment	7,672,555	189,997	(288,036)	7,574,516
Plant and infrastructure	43,742,718	82,829	-	43,825,547
Total capital assets being depreciated	<u>\$ 51,849,212</u>	<u>\$ 277,926</u>	<u>\$ (288,036)</u>	<u>\$ 51,839,102</u>
Less: accumulated depreciation for:				
Buildings and structures	\$ (126,118)	\$ (12,392)	\$ -	\$ (138,510)
Machinery and equipment	(6,210,635)	(237,704)	275,042	(6,173,297)
Plant and infrastructure	(25,234,682)	(1,400,148)	-	(26,634,830)
Total accumulated depreciation	<u>\$ (31,571,435)</u>	<u>\$ (1,650,244)</u>	<u>\$ 275,042</u>	<u>\$ (32,946,637)</u>
Total capital assets being depreciated, net	<u>\$ 20,277,777</u>	<u>\$ (1,372,318)</u>	<u>\$ (12,994)</u>	<u>\$ 18,892,465</u>
Business-type activities capital assets, net	<u>\$ 22,281,992</u>	<u>\$ (203,480)</u>	<u>\$ (12,994)</u>	<u>\$ 22,065,518</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

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**Note 11-Capital Assets: (Continued)**

## Primary Government: (Continued)

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

## Governmental activities:

General government administration	\$ 188,149
Judicial administration	29,184
Public safety	371,770
Public works	971,839
Health and welfare	10,953
Education	314,439
Parks, recreation, and culture	293,224
Internal service funds	<u>4,414</u>

Total depreciation expense-governmental activities	<u>\$ 2,183,972</u>
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## Business type activities:

Water and Sewer Fund	\$ 838,434
Electric Fund	723,946
Solid Waste Fund	<u>87,864</u>

Total depreciation expense-business type activities	<u>\$ 1,650,244</u>
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Certain capital assets have been transferred to the water and sewer fund that have been fully depreciated. Thus, the asset cost and accumulated depreciation were reported as additions in the current year.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 12-Capital Leases:**

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

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

	<u>Fire Truck</u>
Machinery & Equipment	\$ 900,638
Accumulated Depreciation	<u>(81,033)</u>
Total	<u><u>\$ 819,605</u></u>

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

Fiscal Year Ended	Fire Truck Lease
2012	\$ 55,234
2013	55,124
2014	55,010
2015	54,892
2016	54,770
2017-2019	<u>109,159</u>
Total minimum lease payments	384,189
Less: amount representing interest	<u>(45,825)</u>
Present value of minimum lease payments	<u><u>\$ 338,364</u></u>

**Note 13-Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates with other localities in a public entity risk pool for their coverage of general liability, property, auto insurance and workers compensation with the Virginia Municipal League. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The City pays the Virginia Municipal League contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available funds and/or excess insurance, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 14-Contingent Liabilities:**

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

**Note 15-Surety Bonds:**

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:

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

**Note 16 - Commitments and Contingencies:**

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

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

Project	Contract Amount	Contract Amount Outstanding at June 30, 2011
Division 3-Radford Water Improvements	\$ 979,000	\$ 115,837
Public Safety Building	5,599,977	310,466

**Note 17 - Arbitrage Rebate Compliance:**

As of June 30, 2011 and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2011

**Note 18-Restricted and Committed Funds/Net Assets:**

Governmental Activities/Funds:	<u>General Fund</u>	<u>Grants Fund</u>	<u>Street Maintenance Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Restricted:					
Hazmat operations	\$ 16,152	\$ -	\$ -	\$ -	\$ 16,152
Fire donations	223,357	-	-	-	223,357
Police department	28,401	-	-	-	28,401
Four for life program	70,031	-	-	-	70,031
Fire programs	86,910	-	-	-	86,910
Recreation donations	35,833	-	-	-	35,833
Courthouse maintenance	53,897	-	-	-	53,897
Law library	21,006	-	-	-	21,006
Courtroom security	13,601	-	-	-	13,601
Volunteer service awards	31,228	-	-	-	31,228
Capital projects	-	-	-	35,431	35,431
Total restricted balances	\$ 580,416	\$ -	\$ -	\$ 35,431	\$ 615,847
Governmental Funds:					
Committed funds:					
Library fines/copier fees/donations	\$ 46,105	\$ -	\$ -	\$ -	\$ 46,105
Beautification donations	14,627	-	-	-	14,627
Inmate booking	15,978	-	-	-	15,978
Project lifesaver	1,444	-	-	-	1,444
DMV revenues	29,662	-	-	-	29,662
School Board	2,093,236	-	-	-	2,093,236
Grants fund	-	110,848	-	-	110,848
Highway maintenance	-	-	311,129	-	311,129
Capital projects	-	-	-	859,515	859,515
Total committed balances	\$ 2,201,052	\$ 110,848	\$ 311,129	\$ 859,515	\$ 3,482,544

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## Required Supplementary Information

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City of Radford, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 7,541,690	\$ 7,541,690	\$ 7,017,704	\$ (523,986)
Other local taxes	3,465,084	3,465,084	3,535,835	70,751
Permits, privilege fees, and regulatory licenses	30,000	30,000	35,757	5,757
Fines and forfeitures	221,500	221,500	224,244	2,744
Revenue from the use of money and property	152,500	152,500	150,356	(2,144)
Charges for services	605,065	605,865	618,768	12,903
Miscellaneous	2,109,449	2,117,137	1,969,563	(147,574)
Recovered costs	64,359	64,359	59,580	(4,779)
Intergovernmental revenues:				
Commonwealth	4,122,764	4,208,731	4,160,473	(48,258)
Federal	842,859	842,859	696,585	(146,274)
Total revenues	19,155,270	19,249,725	18,468,865	(780,860)
EXPENDITURES				
Current:				
General government administration	2,128,806	2,108,569	2,006,186	102,383
Judicial administration	1,164,802	1,158,915	1,082,538	76,377
Public safety	5,864,427	5,933,503	5,861,618	71,885
Public works	743,205	767,742	747,137	20,605
Health and welfare	2,474,811	2,473,101	2,250,609	222,492
Education	5,551,774	5,556,774	4,498,458	1,058,316
Parks, recreation, and cultural	1,638,110	1,795,945	1,778,938	17,007
Community development	438,968	445,781	425,513	20,268
Debt service:				
Principal retirement	846,147	846,188	846,188	-
Interest and other fiscal charges	757,994	757,994	757,344	650
Total expenditures	21,609,044	21,844,512	20,254,529	1,589,983
Excess (deficiency) of revenues over (under) expenditures	(2,453,774)	(2,594,787)	(1,785,664)	809,123
OTHER FINANCING SOURCES (USES)				
Transfers in	2,225,776	2,225,776	1,803,761	(422,015)
Transfers out	-	(8,115)	(8,115)	-
Sale of capital assets	-	-	2,050	2,050
Total other financing sources (uses)	2,225,776	2,217,661	1,797,696	(419,965)
Net change in fund balances	(227,998)	(377,126)	12,032	389,158
Fund balances - beginning	227,998	377,126	5,483,189	5,106,063
Fund balances - ending	\$ -	\$ -	\$ 5,495,221	\$ 5,495,221

Note: GAAP serves as the budgetary basis of accounting

City of Radford, Virginia  
Required Supplementary Information

Schedule of Pension and OPEB Funding Progress  
For the Year Ended June 30, 2011

Primary Government: City Retirement Plan

Valuation as of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL) (3) - (2)	Funded Ratio Assets as % of AAL (2)/(3)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2010	\$ 32,921,457	\$ 41,880,630	\$ 8,959,173	78.61%	\$ 8,524,036	105.10%
6/30/2009	33,098,020	38,107,136	5,009,116	86.86%	8,801,240	56.91%
6/30/2008	33,274,113	36,020,188	2,746,075	92.38%	8,355,384	32.87%

City Retirees Healthcare Plan

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)	Annual Covered Payroll	UAAL as a % of Covered Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ -	\$ 367,844	\$ 367,844	0.00%	\$ 1,953,383	18.83%
6/30/2009	-	336,403	336,403	0.00%	2,340,250	14.37%

1. Information has only been available for two years.

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## Other Supplementary Information

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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, 2011

	<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>
<b>REVENUES</b>				
Miscellaneous	\$ 391,895	\$ -	\$ -	\$ -
Intergovernmental revenues:				
Commonwealth	159,195	-	-	-
Federal	2,232,492	1,198,619	-	(1,198,619)
Total revenues	2,783,582	1,198,619	91	(1,198,528)
<b>EXPENDITURES</b>				
Capital projects	6,209,309	6,804,553	4,784,258	2,020,295
Debt service:				
Principal retirement	-	-	9,878	(9,878)
Interest and other fiscal charges	-	-	115,486	(115,486)
Total expenditures	6,209,309	6,804,553	4,909,622	1,894,931
Excess (deficiency) of revenues over (under) expenditures	(3,425,727)	(5,605,934)	(4,909,531)	696,403
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	427,458	402,266	19,073	(383,193)
Issuance of bonds	6,039,230	4,956,494	4,819,081	(137,413)
Total other financing sources (uses)	6,466,688	5,358,760	4,838,154	(520,606)
Net change in fund balances	3,040,961	(247,174)	(71,377)	175,797
Fund balances - beginning	2,422,302	1,331,351	966,323	(365,028)
Fund balances - ending	\$ 5,463,263	\$ 1,084,177	\$ 894,946	\$ (189,231)

City of Radford, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	<u>Special Revenue Funds</u>		
	<u>Grants Fund</u>	<u>Highway Maintenance Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 483,459	\$ 483,459
Receivables (net of allowance for uncollectibles):			
Accounts receivable	-	1,133	1,133
Due from other governmental units	524,488	-	524,488
Prepaid items	4,596	12,129	16,725
Total assets	<u>529,084</u>	<u>496,721</u>	<u>1,025,805</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	28,355	134,908	163,263
Accrued wages payable	4,670	27,242	31,912
Accrued vacation and sick pay	213	11,313	11,526
Reconciled overdraft	380,402	-	380,402
Total liabilities	<u>413,640</u>	<u>173,463</u>	<u>587,103</u>
Fund balances:			
Nonspendable	4,596	12,129	16,725
Committed	110,848	311,129	421,977
Total fund balances	<u>115,444</u>	<u>323,258</u>	<u>438,702</u>
Total liabilities and fund balances	<u>\$ 529,084</u>	<u>\$ 496,721</u>	<u>\$ 1,025,805</u>

City of Radford, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2011

	<u>Special Revenue Funds</u>		
	<u>Grants Fund</u>	<u>Highway Maintenance Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Charges for services	\$ -	\$ 33,504	\$ 33,504
Miscellaneous	3,267	-	3,267
Intergovernmental revenues:			
Commonwealth	266,375	1,911,779	2,178,154
Federal	793,151	5,793	798,944
Total revenues	<u>1,062,793</u>	<u>1,951,076</u>	<u>3,013,869</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	837,970	-	837,970
Public works	5,355	1,915,220	1,920,575
Health and welfare	2,765	-	2,765
Community development	652,133	-	652,133
Total expenditures	<u>1,498,223</u>	<u>1,915,220</u>	<u>3,413,443</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(435,430)</u>	<u>35,856</u>	<u>(399,574)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	8,115	-	8,115
Issuance of general obligation bonds	425,000	-	425,000
Total other financing sources (uses)	<u>433,115</u>	<u>-</u>	<u>433,115</u>
Net change in fund balances	(2,315)	35,856	33,541
Fund balances - beginning	117,759	287,402	405,161
Fund balances - ending	<u>\$ 115,444</u>	<u>\$ 323,258</u>	<u>\$ 438,702</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, 2011

	Grants Fund			Highway Maintenance Fund		
	Budgeted Amounts		Actual	Budgeted Amounts		Actual
	Original	Final		Original	Final	
<b>REVENUES</b>						
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ 500	\$ 500	\$ -
Charges for services	-	-	-	44,000	44,000	33,504
Miscellaneous	13,272	5,000	3,267	(1,733)	-	-
Intergovernmental revenues:						
Commonwealth	242,940	266,984	266,375	(609)	1,839,979	1,911,779
Federal	1,788,398	1,053,645	793,151	(260,494)	-	5,793
Total revenues	2,044,610	1,325,629	1,062,793	(262,836)	1,884,479	1,951,076
						66,597
<b>EXPENDITURES</b>						
Current:						
Public safety	971,324	950,018	837,970	112,048	-	-
Public works	6,508	5,341	5,355	(14)	1,916,827	1,915,220
Health and welfare	500	-	2,765	(2,765)	-	-
Parks, recreation, and cultural	11,098	37,864	-	37,864	-	-
Community development	1,262,674	807,225	652,133	155,092	-	-
Total expenditures	2,252,104	1,800,448	1,498,223	302,225	1,916,827	1,915,220
						1,607
Excess (deficiency) of revenues over (under) expenditures	(207,494)	(474,819)	(435,430)	39,389	(13,771)	35,856
						68,204
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	8,115	8,115	-	-	-
Issuance of general obligation bonds	425,000	425,000	425,000	-	-	-
Total other financing sources (uses)	425,000	433,115	433,115	-	-	-
						-
Net change in fund balances	217,506	(41,704)	(2,315)	39,389	(13,771)	35,856
Fund balances - beginning	3,349	41,704	117,759	76,055	32,348	287,402
Fund balances - ending	\$ 220,855	\$ -	\$ 115,444	\$ 115,444	\$ -	\$ 323,258

#### **FIDUCIARY FUNDS - AGENCY FUNDS**

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

City of Radford, Virginia  
Statement of Changes in Assets and Liabilities  
Fiduciary Funds  
For the Year Ended June 30, 2011

	Agency Funds			
	Balance July 1, <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2011</u>
<b>ASSETS</b>				
Cash and cash equivalents:				
Special Welfare Fund	\$ 6,394	\$ 64,234	\$ 65,419	\$ 5,209
CSA Regional Program	16,760	16,525	12,893	20,392
Total assets	<u>23,154</u>	<u>80,759</u>	<u>78,312</u>	<u>25,601</u>
<b>LIABILITIES</b>				
Amounts held for others:				
Social services clients	6,394	64,234	65,419	5,209
CSA Regional Program	16,760	16,525	12,893	20,392
Total liabilities	<u>\$ 23,154</u>	<u>\$ 80,759</u>	<u>\$ 78,312</u>	<u>\$ 25,601</u>

## **SUPPORTING SCHEDULES**

City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,152,915	\$ 6,152,915	\$ 5,879,746	\$ (273,169)
Real and personal public service corporation taxes	115,921	115,921	174,212	58,291
Personal property taxes	566,541	566,541	576,070	9,529
Mobile home taxes	4,230	4,230	4,048	(182)
Machinery and tools taxes	409,037	409,037	108,241	(300,796)
Furniture and fixtures	218,046	218,046	208,063	(9,983)
Penalties and interest	75,000	75,000	67,324	(7,676)
Total general property taxes	<u>\$ 7,541,690</u>	<u>\$ 7,541,690</u>	<u>\$ 7,017,704</u>	<u>\$ (523,986)</u>
Other local taxes:				
Local sales and use taxes	\$ 875,000	\$ 875,000	\$ 873,384	\$ (1,616)
Consumers' utility taxes	520,084	520,084	560,347	40,263
Tobacco tax	95,000	95,000	78,894	(16,106)
Business license taxes	425,000	425,000	414,298	(10,702)
Franchise license tax	100,000	100,000	48,968	(51,032)
Motor vehicle licenses	180,000	180,000	196,726	16,726
Bank stock taxes	125,000	125,000	158,067	33,067
Taxes on recordation and wills	75,000	75,000	87,780	12,780
Hotel and motel room taxes	160,000	160,000	164,955	4,955
Restaurant food taxes	910,000	910,000	952,416	42,416
Total other local taxes	<u>\$ 3,465,084</u>	<u>\$ 3,465,084</u>	<u>\$ 3,535,835</u>	<u>\$ 70,751</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,600	\$ 3,600	\$ 3,108	\$ (492)
Transfer fees	300	300	234	(66)
Rental inspection fees	-	-	125	125
Zoning fees	2,000	2,000	1,200	(800)
Permits and other licenses	24,100	24,100	31,090	6,990
Total permits, privilege fees, and regulatory licenses	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 35,757</u>	<u>\$ 5,757</u>
Fines and forfeitures:				
Court fines and forfeitures	<u>\$ 221,500</u>	<u>\$ 221,500</u>	<u>\$ 224,244</u>	<u>\$ 2,744</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 21,000	\$ 21,000	\$ 1,967	\$ (19,033)
Revenue from use of property	131,500	131,500	148,389	16,889
Total revenue from use of money and property	<u>\$ 152,500</u>	<u>\$ 152,500</u>	<u>\$ 150,356</u>	<u>\$ (2,144)</u>



City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services:				
Charges for law enforcement and traffic control	\$ 26,025	\$ 26,025	\$ 27,022	\$ 997
Charges for courthouse maintenance	5,500	5,500	5,526	26
Charges for courtroom security	31,250	31,250	30,425	(825)
Charges for Collection fees	44,850	44,850	46,236	1,386
Miscellaneous jail and inmate fees	3,930	3,930	4,856	926
Charges for Commonwealth's Attorney	1,050	1,050	1,686	636
Charges for rescue services	320,000	320,000	349,615	29,615
Animal protection services	2,125	2,125	1,877	(248)
Charges for parks and recreation	111,500	111,500	83,000	(28,500)
Bus tickets	10,000	10,000	26,586	16,586
Charges for DMV Registrations	23,850	23,850	15,713	(8,137)
Other charges for services	4,060	4,860	5,909	1,049
Charges for law library	3,250	3,250	3,735	485
Charges for library	17,675	17,675	16,582	(1,093)
Total charges for services	<u>\$ 605,065</u>	<u>\$ 605,865</u>	<u>\$ 618,768</u>	<u>\$ 12,903</u>
Miscellaneous revenue:				
Miscellaneous	\$ 207,800	\$ 207,924	\$ 12,421	\$ (195,503)
Revenue sharing payments - Montgomery	128,000	128,000	145,177	17,177
Revenue sharing payments - Pulaski	75,000	75,000	47,330	(27,670)
Gifts and donations	10,444	14,444	72,071	57,627
Tourism special events	-	3,564	3,612	48
Restitution payments	-	-	747	747
Payments in lieu of taxes	1,688,205	1,688,205	1,688,205	-
Total miscellaneous revenue	<u>\$ 2,109,449</u>	<u>\$ 2,117,137</u>	<u>\$ 1,969,563</u>	<u>\$ (147,574)</u>
Recovered costs:				
School resource officer	\$ 59,359	\$ 59,359	\$ 50,504	\$ (8,855)
Insurance recoveries	-	-	338	338
Radford University transit	-	-	6,144	6,144
Other recovered costs	5,000	5,000	2,594	(2,406)
Total recovered costs	<u>\$ 64,359</u>	<u>\$ 64,359</u>	<u>\$ 59,580</u>	<u>\$ (4,779)</u>
Total revenue from local sources	<u>\$ 14,189,647</u>	<u>\$ 14,198,135</u>	<u>\$ 13,611,807</u>	<u>\$ (586,328)</u>

City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling Stock Tax	\$ 21,000	\$ 21,000	\$ 22,575	\$ 1,575
Mobile home titling tax	900	900	11,567	10,667
Motor vehicle rental tax	6,175	6,175	43,318	37,143
Communications tax	767,629	767,629	777,348	9,719
State tax on deeds	24,000	24,000	20,472	(3,528)
Personal property tax relief funds	625,657	625,657	625,657	-
Total noncategorical aid	<u>\$ 1,445,361</u>	<u>\$ 1,445,361</u>	<u>\$ 1,500,937</u>	<u>\$ 55,576</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 279,552	\$ 274,552	\$ 234,464	\$ (40,088)
Sheriff	303,340	294,340	270,743	(23,597)
Commissioner of revenue	87,747	87,697	69,259	(18,438)
Treasurer	102,389	102,239	79,898	(22,341)
Registrar/electoral board	48,331	48,231	38,285	(9,946)
Clerk of the Circuit Court	189,071	186,071	182,022	(4,049)
Reduction in state aid	-	(56,703)	(56,703)	-
Total shared expenses	<u>\$ 1,010,430</u>	<u>\$ 936,427</u>	<u>\$ 817,968</u>	<u>\$ (118,459)</u>
Other categorical aid:				
Public assistance and welfare administration	\$ 662,246	\$ 662,246	\$ 537,351	\$ (124,895)
Comprehensive services act	404,225	404,225	468,701	64,476
Assistance to local police departments	485,853	484,353	484,392	39
VHDA funds	53,000	53,000	55,020	2,020
VJCCA funds	12,629	12,629	10,223	(2,406)
Library grant	-	131,470	131,470	-
Wireless E-911 payment state grant	40,000	40,000	39,523	(477)
Asset forfeiture funds	-	-	4,877	4,877
Emergency services funds	-	30,000	49,090	19,090
Disaster relief	-	-	5,793	5,793
Transit grant	-	-	5,221	5,221
Spay and Neuter Grant	20	20	9	(11)
Fire program	-	-	40,569	40,569
4-for-life funds	9,000	9,000	9,329	329
Total other categorical aid	<u>\$ 1,666,973</u>	<u>\$ 1,826,943</u>	<u>\$ 1,841,568</u>	<u>\$ 14,625</u>
Total categorical aid	<u>\$ 2,677,403</u>	<u>\$ 2,763,370</u>	<u>\$ 2,659,536</u>	<u>\$ (103,834)</u>
Total revenue from the Commonwealth	<u>\$ 4,122,764</u>	<u>\$ 4,208,731</u>	<u>\$ 4,160,473</u>	<u>\$ (48,258)</u>

City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the federal government: (Continued)				
Categorical aid:				
Public assistance and welfare administration	\$ 842,859	\$ 842,859	\$ 646,228	\$ (196,631)
Transit grant	-	-	15,357	15,357
Rural Development grant	-	-	35,000	35,000
Total categorical aid	<u>\$ 842,859</u>	<u>\$ 842,859</u>	<u>\$ 696,585</u>	<u>\$ (146,274)</u>
Total revenue from the federal government	<u>\$ 842,859</u>	<u>\$ 842,859</u>	<u>\$ 696,585</u>	<u>\$ (146,274)</u>
Total General Fund	<u><u>\$ 19,155,270</u></u>	<u><u>\$ 19,249,725</u></u>	<u><u>\$ 18,468,865</u></u>	<u><u>\$ (780,860)</u></u>
<b>Special Revenue Funds:</b>				
<b>Grants Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ 2,370	\$ -	\$ 3,267	\$ 3,267
USTA grant	10,902	5,000	-	(5,000)
Total miscellaneous revenue	<u>\$ 13,272</u>	<u>\$ 5,000</u>	<u>\$ 3,267</u>	<u>\$ (1,733)</u>
Total revenue from local sources	<u>\$ 13,272</u>	<u>\$ 5,000</u>	<u>\$ 3,267</u>	<u>\$ (1,733)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Crime victim assistance	\$ -	\$ 82,543	\$ 82,337	\$ (206)
Litter control	-	5,341	5,341	-
Virginia tourism	2,500	-	-	-
Traffic flow study	60	-	-	-
Emergency management assistance	24,000	24,000	24,000	-
Fire program funds	24,276	-	-	-
Health Department	589	-	-	-
Wireless E-911 Funding	186,415	150,000	150,000	-
Law enforcement grants	5,100	5,100	4,697	(403)
Total categorical aid	<u>\$ 242,940</u>	<u>\$ 266,984</u>	<u>\$ 266,375</u>	<u>\$ (609)</u>
Total revenue from the Commonwealth	<u>\$ 242,940</u>	<u>\$ 266,984</u>	<u>\$ 266,375</u>	<u>\$ (609)</u>

City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

Schedule 1  
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Special Revenue Funds: (Continued)</b>				
<b>Grants Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Hud entitlement grants	\$ 1,053,055	\$ 371,475	\$ 217,192	\$ (154,283)
Safe neighborhood grant	42,778	155,381	97,864	(57,517)
Edward Byrne Law Enforcement Grant	57,712	5,554	5,554	-
Homeland security	149,607	103,691	61,291	(42,400)
Terrorism grant	6,788	-	-	-
Community oriented policing	437,060	403,390	401,942	(1,448)
USDA police grants	25,000	-	-	-
State and community highway safety	16,398	14,154	9,308	(4,846)
Total categorical aid	<u>\$ 1,788,398</u>	<u>\$ 1,053,645</u>	<u>\$ 793,151</u>	<u>\$ (260,494)</u>
Total revenue from the federal government	<u>\$ 1,788,398</u>	<u>\$ 1,053,645</u>	<u>\$ 793,151</u>	<u>\$ (260,494)</u>
Total Grants Fund	<u>\$ 2,044,610</u>	<u>\$ 1,325,629</u>	<u>\$ 1,062,793</u>	<u>\$ (262,836)</u>
<b>Highway Maintenance Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 500	\$ 500	\$ -	\$ (500)
Charges for services:				
Charges for street maintenance	\$ 5,000	\$ 5,000	\$ 351	\$ (4,649)
Right of way fees	39,000	39,000	33,153	(5,847)
Total charges for services	<u>\$ 44,000</u>	<u>\$ 44,000</u>	<u>\$ 33,504</u>	<u>\$ (10,496)</u>
Total revenue from local sources	<u>\$ 44,500</u>	<u>\$ 44,500</u>	<u>\$ 33,504</u>	<u>\$ (10,996)</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Highway maintenance funds	<u>\$ 1,839,979</u>	<u>\$ 1,839,979</u>	<u>\$ 1,911,779</u>	<u>\$ 71,800</u>
Total revenue from the Commonwealth	<u>\$ 1,839,979</u>	<u>\$ 1,839,979</u>	<u>\$ 1,911,779</u>	<u>\$ 71,800</u>

City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

<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>
<b>Highway Maintenance Fund: (Continued)</b>				
Intergovernmental revenues: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Disaster relief	\$ -	\$ -	\$ 5,793	\$ 5,793
Total revenue from the federal government	\$ -	\$ -	\$ 5,793	\$ 5,793
Total Highway Maintenance Fund	\$ 1,884,479	\$ 1,884,479	\$ 1,951,076	\$ 66,597
<b>Capital Projects Fund:</b>				
<b>City Capital Projects Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 91	\$ 91
Total revenue from use of money and property	\$ -	\$ -	\$ 91	\$ 91
Miscellaneous revenue:				
Miscellaneous	\$ 281,895	\$ -	\$ -	\$ -
Grants	110,000	-	-	-
Total miscellaneous revenue	\$ 391,895	\$ -	\$ -	\$ -
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Literary loan subsidy	\$ 147,000	\$ -	\$ -	\$ -
Construction grants	12,195	-	-	-
Total categorical aid	\$ 159,195	\$ -	\$ -	\$ -
Total revenue from the Commonwealth	\$ 159,195	\$ -	\$ -	\$ -
Revenue from the federal government:				
Categorical aid:				
American recovery grant	\$ 1,803,092	\$ 1,198,619	\$ -	\$ (1,198,619)
TEA 21 grant	429,400	-	-	-
Total categorical aid	\$ 2,232,492	\$ 1,198,619	\$ -	\$ (1,198,619)
Total revenue from the federal government	\$ 2,232,492	\$ 1,198,619	\$ -	\$ (1,198,619)
Total City Capital Projects Fund	\$ 2,783,582	\$ 1,198,619	\$ 91	\$ (1,198,528)
Total Primary Government	\$ 25,867,941	\$ 23,658,452	\$ 21,482,825	\$ (2,175,627)

City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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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>
<b>General Fund:</b>				
General government administration:				
Legislative:				
City Council	\$ 153,641	\$ 91,938	\$ 49,871	\$ 42,067
General and financial administration:				
City Clerk	\$ 32,101	\$ 29,856	\$ 17,473	\$ 12,383
City Manager	284,724	236,692	219,049	17,643
Commissioner of revenue	160,683	158,909	158,908	1
Assessor	52,281	54,898	54,896	2
Billing and service	253,288	271,157	259,143	12,014
Treasurer	312,950	318,582	313,634	4,948
Legal services	25,000	75,218	75,217	1
Human resources	104,291	104,193	103,489	704
Independent auditor	37,750	37,848	37,848	-
Information technology	371,774	385,737	389,125	(3,388)
Finance	235,117	238,435	238,436	(1)
Total general and financial administration	\$ 1,869,959	\$ 1,911,525	\$ 1,867,218	\$ 44,307
Board of elections:				
Electoral board and officials	\$ 25,725	\$ 25,725	\$ 21,046	\$ 4,679
Registrar	79,481	79,381	68,051	11,330
Total board of elections	\$ 105,206	\$ 105,106	\$ 89,097	\$ 16,009
Total general government administration	\$ 2,128,806	\$ 2,108,569	\$ 2,006,186	\$ 102,383
Judicial administration:				
Courts:				
Circuit court	\$ 50,504	\$ 50,698	\$ 50,696	\$ 2
General district court	27,200	29,119	19,534	9,585
Sheriff	466,916	466,916	464,829	2,087
Law library	9,840	9,840	983	8,857
Clerk of the circuit court	271,759	268,759	255,028	13,731
Total courts	\$ 826,219	\$ 825,332	\$ 791,070	\$ 34,262
Commonwealth's attorney:				
Commonwealth's attorney	\$ 338,583	\$ 333,583	\$ 291,468	\$ 42,115
Total judicial administration	\$ 1,164,802	\$ 1,158,915	\$ 1,082,538	\$ 76,377
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 2,819,692	\$ 2,820,949	\$ 2,820,779	\$ 170

City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire department	\$ 730,940	\$ 755,116	\$ 755,116	\$ -
Ambulance and rescue services	674,004	718,460	718,459	1
NRV Regional Hazmat Response Team	-	32,938	32,938	-
Total fire and rescue services	\$ 1,404,944	\$ 1,506,514	\$ 1,506,513	\$ 1
Correction and detention:				
Regional jail	\$ 717,943	\$ 679,827	\$ 671,972	\$ 7,855
Juvenile corrections	64,753	66,269	63,329	2,940
Total correction and detention	\$ 782,696	\$ 746,096	\$ 735,301	\$ 10,795
Inspections:				
Building inspector	\$ 93,459	\$ 93,459	\$ 92,075	\$ 1,384
Code enforcement	80,087	80,087	79,222	865
Total inspections	\$ 173,546	\$ 173,546	\$ 171,297	\$ 2,249
Other protection:				
Animal control	\$ 118,155	\$ 123,004	\$ 111,566	\$ 11,438
Medical examiner	150	150	40	110
E-911 system	466,178	466,178	451,273	14,905
GIS mapping	99,066	97,066	64,849	32,217
Total other protection	\$ 683,549	\$ 686,398	\$ 627,728	\$ 58,670
Total public safety	\$ 5,864,427	\$ 5,933,503	\$ 5,861,618	\$ 71,885
Public works:				
Engineering:				
General Engineering	\$ 160,031	\$ 160,881	\$ 154,786	\$ 6,095
Maintenance of general buildings and grounds:				
General properties	\$ 583,174	\$ 606,861	\$ 592,351	\$ 14,510
Total public works	\$ 743,205	\$ 767,742	\$ 747,137	\$ 20,605
Health and welfare:				
Health:				
Supplement of local health department	\$ 72,080	\$ 72,080	\$ 72,080	\$ -
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	\$ -

City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Health and welfare: (Continued)				
Welfare:				
Welfare administration and programs	\$ 1,696,897	\$ 1,587,431	\$ 1,384,037	\$ 203,394
Comprehensive services act	524,200	622,423	604,325	18,098
Property tax relief for the elderly	58,000	67,533	67,533	-
Social service agencies	79,278	79,278	78,278	1,000
Total welfare	<u>\$ 2,358,375</u>	<u>\$ 2,356,665</u>	<u>\$ 2,134,173</u>	<u>\$ 222,492</u>
Total health and welfare	<u>\$ 2,474,811</u>	<u>\$ 2,473,101</u>	<u>\$ 2,250,609</u>	<u>\$ 222,492</u>
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 5,976	\$ 5,976	\$ 5,976	\$ -
School bus operations	131,865	131,865	115,214	16,651
Contribution to City School Board	5,413,933	5,418,933	4,377,268	1,041,665
Total education	<u>\$ 5,551,774</u>	<u>\$ 5,556,774</u>	<u>\$ 4,498,458</u>	<u>\$ 1,058,316</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 495,218	\$ 487,759	\$ 488,339	\$ (580)
Maintenance of parks	156,458	186,707	186,705	2
Recreation center and playgrounds	425,406	426,063	414,714	11,349
Total parks and recreation	<u>\$ 1,077,082</u>	<u>\$ 1,100,529</u>	<u>\$ 1,089,758</u>	<u>\$ 10,771</u>
Cultural enrichment:				
Glencoe museum	\$ 20,170	\$ 20,495	\$ 20,494	\$ 1
Library:				
Library expenses	<u>\$ 540,858</u>	<u>\$ 674,921</u>	<u>\$ 668,686</u>	<u>\$ 6,235</u>
Total parks, recreation, and cultural	<u>\$ 1,638,110</u>	<u>\$ 1,795,945</u>	<u>\$ 1,778,938</u>	<u>\$ 17,007</u>
Community development:				
Planning and community development:				
Planning	\$ 47,989	\$ 47,389	\$ 46,839	\$ 550
Community development	207,266	209,356	191,137	18,219
Zoning board	600	1,200	1,200	-
Tourism	57,587	59,499	58,006	1,493
Economic development	66,367	80,397	80,397	-
VHDA program	59,159	47,940	47,934	6
Total planning and community development	<u>\$ 438,968</u>	<u>\$ 445,781</u>	<u>\$ 425,513</u>	<u>\$ 20,268</u>
Total community development	<u>\$ 438,968</u>	<u>\$ 445,781</u>	<u>\$ 425,513</u>	<u>\$ 20,268</u>



City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 846,147	\$ 846,188	\$ 846,188	\$ -
Interest and other fiscal charges	757,994	757,994	757,344	650
Total debt service	<u>\$ 1,604,141</u>	<u>\$ 1,604,182</u>	<u>\$ 1,603,532</u>	<u>\$ 650</u>
Total General Fund	<u>\$ 21,609,044</u>	<u>\$ 21,844,512</u>	<u>\$ 20,254,529</u>	<u>\$ 1,589,983</u>
<b>Non Major Special Revenue Funds:</b>				
<b>Grants Fund:</b>				
Public safety:				
Law enforcement and traffic control:				
Victim witness assistance	\$ 172	\$ 82,543	\$ 82,336	\$ 207
Safe neighborhood grant	42,980	155,381	97,865	57,516
Impaired driver and speed enforcement	23,878	17,787	11,972	5,815
Police department	516,965	438,723	437,013	1,710
Citizens Alerting System	34,475	19,437	5,000	14,437
Communications	197,006	150,000	150,000	-
Traffic flow study	-	1,955	-	1,955
Gang investigation grant	9,792	-	-	-
Homeland security	29,392	-	-	-
Terrorism prevention	6,788	-	-	-
Total law enforcement and traffic control	<u>\$ 861,448</u>	<u>\$ 865,826</u>	<u>\$ 784,186</u>	<u>\$ 81,640</u>
Fire and rescue services:				
Assistance to firefighters 2008	\$ 22,709	\$ -	\$ -	\$ -
Fire department	85,600	84,192	53,784	30,408
Assistance to firefighters 2005	1,567	-	-	-
Total fire and rescue services	<u>\$ 109,876</u>	<u>\$ 84,192</u>	<u>\$ 53,784</u>	<u>\$ 30,408</u>
Total public safety	<u>\$ 971,324</u>	<u>\$ 950,018</u>	<u>\$ 837,970</u>	<u>\$ 112,048</u>
<b>Public Works:</b>				
Maintenance of general buildings and grounds:				
Litter control	\$ 6,508	\$ 5,341	\$ 5,355	\$ (14)
<b>Health and welfare:</b>				
Welfare:				
Energy assistance program	\$ -	\$ -	\$ 2,765	\$ (2,765)
Miscellaneous social services	500	-	-	-
Total welfare	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 2,765</u>	<u>\$ (2,765)</u>
Total health and welfare	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 2,765</u>	<u>\$ (2,765)</u>

City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Non Major Special Revenue Funds: (Continued)</b>				
<b>Grants Fund: (Continued)</b>				
Parks, recreation and cultural:				
Parks and recreation:				
Bikeway/walkway grant	\$ -	\$ 37,220	\$ -	\$ 37,220
Supervision parks and recreation	3,902	-	-	-
Arnheim house	5,000	-	-	-
Wildwood park grant	644	644	-	644
Total parks and recreation	<u>\$ 9,546</u>	<u>\$ 37,864</u>	<u>\$ -</u>	<u>\$ 37,864</u>
Library:				
Library administration	\$ 1,552	\$ -	\$ -	\$ -
Total parks, recreation and cultural	<u>\$ 11,098</u>	<u>\$ 37,864</u>	<u>\$ -</u>	<u>\$ 37,864</u>
Community development:				
Planning and community development:				
Tourism	\$ 12,500	\$ 10,000	\$ 8,743	\$ 1,257
Forestry	750	750	-	750
Economic development	23,400	23,400	-	23,400
HUD grant expenditures	1,226,024	773,075	643,390	129,685
Total planning and community development	<u>\$ 1,262,674</u>	<u>\$ 807,225</u>	<u>\$ 652,133</u>	<u>\$ 155,092</u>
Total community development	<u>\$ 1,262,674</u>	<u>\$ 807,225</u>	<u>\$ 652,133</u>	<u>\$ 155,092</u>
Total Grants Fund	<u>\$ 2,252,104</u>	<u>\$ 1,800,448</u>	<u>\$ 1,498,223</u>	<u>\$ 302,225</u>
<b>Highway Maintenance Fund:</b>				
Public works:				
Maintenance of streets, highways and bridges:				
General administration	\$ 144,505	\$ 144,505	\$ 145,787	\$ (1,282)
Highway maintenance and repairs - state	1,570,260	1,576,925	1,596,621	(19,696)
Highway maintenance and repairs - local	99,685	99,897	70,875	29,022
Street lights	60,000	60,000	64,294	(4,294)
Snow and ice removal	15,300	27,000	29,143	(2,143)
Storm drainage	8,500	8,500	8,500	-
Total maintenance of streets, highways, and bridges	<u>\$ 1,898,250</u>	<u>\$ 1,916,827</u>	<u>\$ 1,915,220</u>	<u>\$ 1,607</u>
Total Highway Maintenance Fund	<u>\$ 1,898,250</u>	<u>\$ 1,916,827</u>	<u>\$ 1,915,220</u>	<u>\$ 1,607</u>

City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2011

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<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Capital Projects Fund:</b>				
<b>City Capital Projects Fund:</b>				
<b>Capital Projects:</b>				
Accounting system	\$ 44,958	\$ 44,958	\$ 16,500	\$ 28,458
Tyler Avenue landscaping	24,890	24,890	-	24,890
Traffic Engineering	150,000	150,000	-	150,000
Public Safety Building	4,488,199	4,488,199	4,131,025	357,174
Second Avenue Improvements	47,545	47,545	23,411	24,134
Water System Improvements	1,311,813	1,311,813	-	1,311,813
Park Road/Tyler Avenue	-	-	673	(673)
Storm drainage projects	29,372	29,372	17,405	11,967
Park and recreation improvements	12,532	12,532	-	12,532
Multipurpose fields	100,000	100,000	-	100,000
Contribution to IDA	-	595,244	595,244	-
Total capital projects	<u>\$ 6,209,309</u>	<u>\$ 6,804,553</u>	<u>\$ 4,784,258</u>	<u>\$ 2,020,295</u>
<b>Debt service:</b>				
Principal retirement	\$ -	\$ -	\$ 9,878	\$ (9,878)
Interest and other fiscal charges	-	-	115,486	(115,486)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,364</u>	<u>\$ (125,364)</u>
Total Capital Projects Fund	<u>\$ 6,209,309</u>	<u>\$ 6,804,553</u>	<u>\$ 4,909,622</u>	<u>\$ 1,894,931</u>
Total Primary Government	<u>\$ 31,968,707</u>	<u>\$ 32,366,340</u>	<u>\$ 28,577,594</u>	<u>\$ 3,788,746</u>

## **OTHER STATISTICAL INFORMATION**

## Statistical Section

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

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

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

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$ 43,807,253	\$ 44,663,347	\$ 43,781,921	\$ 42,433,941	\$ 41,450,815	\$ 41,059,783	\$ 41,472,798	\$ 40,402,563
Restricted	-	-	1,685,598	1,009,830	1,062,107	3,661,446	509,733	615,847
Unrestricted	8,692,182	7,336,310	6,883,870	7,065,810	7,815,581	7,150,443	6,210,599	6,364,767
Total governmental activities net assets	\$ 52,499,435	\$ 51,999,657	\$ 52,351,389	\$ 50,509,581	\$ 50,328,503	\$ 51,871,672	\$ 48,193,130	\$ 47,383,177
Business-type activities								
Invested in capital assets, net of related debt	\$ 14,720,065	\$ 14,728,216	\$ 16,175,798	\$ 16,843,671	\$ 16,103,927	\$ 15,087,089	\$ 15,534,890	\$ 15,089,859
Restricted	-	-	-	-	-	-	-	-
Unrestricted	15,962,103	14,300,902	12,029,539	11,584,577	10,019,591	8,487,728	7,354,066	8,013,733
Total business-type activities net assets	\$ 30,682,168	\$ 29,029,118	\$ 28,205,337	\$ 28,428,248	\$ 26,123,518	\$ 23,574,817	\$ 22,888,956	\$ 23,103,592
Primary government								
Invested in capital assets, net of related debt	\$ 58,527,318	\$ 59,391,563	\$ 59,957,719	\$ 59,277,612	\$ 57,554,742	\$ 56,146,872	\$ 57,007,688	\$ 55,492,422
Restricted	-	-	1,685,598	1,009,830	1,062,107	3,661,446	509,733	615,847
Unrestricted	24,654,285	21,637,212	18,913,409	18,650,387	17,835,172	15,638,171	13,564,665	14,378,500
Total primary government net assets	\$ 83,181,603	\$ 81,028,775	\$ 80,556,726	\$ 78,937,829	\$ 76,452,021	\$ 75,446,489	\$ 71,082,086	\$ 70,486,769

(1) Information only available for the last 8 years

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>								
Governmental activities:								
General government administration	\$ 1,372,022	\$ 1,623,166	\$ 1,945,248	\$ 2,360,446	\$ 2,318,049	\$ 2,378,072	\$ 2,288,017	\$ 2,114,955
Judicial administration	973,938	1,075,179	573,620	644,504	633,173	1,183,737	1,155,145	1,108,911
Public safety	4,680,184	4,742,489	5,520,190	5,991,991	6,173,244	5,930,185	6,387,807	6,244,619
Public works	4,315,976	4,153,349	3,961,164	4,084,908	4,137,294	4,055,643	3,319,506	3,316,104
Health and welfare	1,847,742	1,777,103	1,882,803	1,970,492	1,944,040	2,025,890	2,291,061	2,269,438
Education	5,551,742	5,180,623	5,407,165	5,202,606	4,545,629	5,226,904	8,334,559	4,812,897
Parks, recreation and cultural	1,756,193	1,798,586	1,633,402	1,994,060	2,065,662	2,155,156	2,163,466	2,012,187
Community development	521,674	624,028	682,569	409,533	633,057	691,360	669,451	1,606,945
Interest on long-term debt	124,503	150,448	146,425	147,438	329,475	274,934	771,041	883,852
Total governmental activities expenses	\$ 21,143,974	\$ 21,124,971	\$ 21,752,586	\$ 22,805,978	\$ 22,779,623	\$ 23,921,881	\$ 27,380,053	\$ 24,369,908
Business-type activities:								
Water, sewer and electric	\$ 17,674,579	\$ 18,006,466	\$ 23,263,810	\$ 22,812,759	\$ 25,218,048	\$ 23,105,211	\$ 22,800,818	\$ 24,881,044
Total primary government expenses	\$ 38,818,553	\$ 39,131,437	\$ 45,016,396	\$ 45,618,737	\$ 47,997,671	\$ 47,027,092	\$ 50,180,871	\$ 49,250,952
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government administration	\$ 1,058,798	\$ 1,329,804	\$ 7,177	\$ 58,932	\$ 48,451	\$ 22,399	\$ 18,747	\$ 21,622
Judicial administration	-	-	222,413	260,657	285,218	344,345	250,380	276,672
Public safety	94,082	120,966	221,980	100,777	192,931	81,143	518,563	465,363
Public works	-	-	64,424	39,898	81,847	53,824	91,946	39,030
Parks, recreation and cultural	-	-	130,180	121,197	96,481	132,350	121,802	109,586
Community development	-	-	-	7,029	-	-	-	-
Operating grants and contributions	5,892,877	4,886,597	5,606,816	5,223,351	5,427,508	5,610,577	5,964,394	6,333,219
Capital grants and contributions	16,481,772	-	70,000	-	-	1,573,485	-	-
Total governmental activities program revenues	\$ 23,527,529	\$ 6,337,367	\$ 6,322,990	\$ 5,811,841	\$ 6,132,436	\$ 7,818,123	\$ 6,965,832	\$ 7,245,492
Business-type activities:								
Charges for services:								
Water, sewer and electric	\$ 19,659,884	\$ 18,632,716	\$ 24,096,263	\$ 24,560,742	\$ 25,415,487	\$ 23,975,402	\$ 24,164,804	\$ 26,369,886
Operating grants and contributions	58,350	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	24,000	-	-	302,236	548,025
Total business-type activities program revenues	\$ 19,718,234	\$ 18,632,716	\$ 24,096,263	\$ 24,584,742	\$ 25,415,487	\$ 23,975,402	\$ 24,467,040	\$ 26,917,911
Total primary government program revenues	\$ 43,245,763	\$ 24,970,083	\$ 30,419,253	\$ 30,396,583	\$ 31,547,923	\$ 31,793,525	\$ 31,432,872	\$ 34,163,403
Net (expense) / revenue								
Governmental activities	\$ 2,383,555	\$ (14,787,604)	\$ (15,429,596)	\$ (16,994,137)	\$ (16,647,187)	\$ (16,103,758)	\$ (20,414,221)	\$ (17,124,416)
Business-type activities	2,043,655	626,250	832,453	1,771,983	197,439	870,191	1,666,222	2,036,867
Total primary government net (expense)/revenue	\$ 4,427,210	\$ (14,161,354)	\$ (14,597,143)	\$ (15,222,154)	\$ (16,449,748)	\$ (15,233,567)	\$ (18,747,999)	\$ (15,087,549)

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 6,174,376	\$ 6,408,134	\$ 6,430,299	\$ 6,314,847	\$ 6,449,758	\$ 7,062,754	\$ 7,234,689	\$ 7,329,530
Local sales and use taxes	750,107	813,065	965,875	975,485	556,671	868,943	831,986	873,384
Restaurant food taxes	672,466	735,982	793,819	817,395	875,065	884,160	891,213	952,416
Motor vehicle taxes	169,959	174,864	175,151	175,935	9,165	178,489	185,808	196,726
Consumers' utility taxes	1,010,437	1,012,815	945,106	774,046	577,377	553,552	556,629	560,347
Communications taxes	-	-	-	-	856,242	777,974	-	-
Business license taxes	327,250	351,235	374,131	381,208	403,624	423,557	398,683	414,298
Other local taxes	834,807	1,085,415	950,047	1,094,144	528,469	548,750	473,263	538,664
Payments in lieu of taxes	1,658,840	2,005,827	1,509,949	1,849,123	1,785,303	1,843,822	1,765,114	1,688,205
Unrestricted grants and contributions	696,841	717,899	761,835	734,481	679,593	685,764	1,465,078	1,500,937
Unrestricted revenues from use of money and property	163,184	261,285	391,265	525,636	682,758	460,751	143,927	150,447
Miscellaneous	135,615	152,875	267,854	253,721	299,910	411,416	304,016	284,625
Gain (Loss) on disposal of capital assets	-	-	(5,985)	-	(17,429)	7,660	127,883	2,050
Transfers	1,264,734	2,452,773	2,131,814	2,113,763	2,779,603	2,939,335	2,357,390	1,822,834
Total governmental activities	\$ 13,858,616	\$ 16,172,169	\$ 15,691,160	\$ 16,009,784	\$ 16,466,109	\$ 17,646,927	\$ 16,735,679	\$ 16,314,463
<b>General Revenues and Other Changes in Net Assets (Continued)</b>								
Business-type activities:								
Unrestricted revenues from use of money and property	\$ 85,238	\$ 173,473	\$ 475,580	\$ 564,691	\$ 277,434	\$ 75,504	\$ 5,307	\$ 603
Special items	-	-	-	-	-	(555,061)	-	-
Transfers	(1,264,734)	(2,452,773)	(2,131,814)	(2,113,763)	(2,779,603)	(2,939,335)	(2,357,390)	(1,822,834)
Total business-type activities	\$ (1,179,496)	\$ (2,279,300)	\$ (1,656,234)	\$ (1,549,072)	\$ (2,502,169)	\$ (3,418,892)	\$ (2,352,083)	\$ (1,822,231)
Total primary government	\$ 12,679,120	\$ 13,892,869	\$ 14,034,926	\$ 14,460,712	\$ 13,963,940	\$ 14,228,035	\$ 14,383,596	\$ 14,492,232
<b>Change in Net Assets</b>								
Governmental activities	\$ 16,242,171	\$ 1,384,565	\$ 261,564	\$ (984,353)	\$ (181,078)	\$ 1,543,169	\$ (3,678,542)	\$ (809,953)
Business-type activities	864,159	(1,653,050)	(823,781)	222,911	(2,304,730)	(2,548,701)	(685,861)	214,636
Total primary government	\$ 17,106,330	\$ (268,485)	\$ (562,217)	\$ (761,442)	\$ (2,485,808)	\$ (1,005,532)	\$ (4,364,403)	\$ (595,317)

(1) Information only available for the last 8 years



Table 3

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor		Restaurant Food Tax	Business License Tax	Other		Total
				Vehicle License Tax				Local Taxes		
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
2004	6,174,376	750,107	1,010,437	169,959	672,466	327,250	834,807			9,939,402

(1) Information only available for the last 8 years.

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

Table 4

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
General fund								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,236
Restricted/Reserved	1,090,171	745,993	995,721	951,942	942,554	315,938	474,302	580,416
Committed	-	-	-	-	-	-	-	2,201,052
Unassigned/Unreserved	2,804,426	4,043,768	5,127,134	5,044,842	5,871,156	5,548,378	5,008,887	2,512,517
Total general fund	<u>\$ 3,894,597</u>	<u>\$ 4,789,761</u>	<u>\$ 6,122,855</u>	<u>\$ 5,996,784</u>	<u>\$ 6,813,710</u>	<u>\$ 5,864,316</u>	<u>\$ 5,483,189</u>	<u>\$ 5,495,221</u>
All other governmental funds								
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,725
Restricted/Reserved	1,996,941	1,118,193	689,877	57,888	14,832,676	3,345,508	35,431	35,431
Committed	-	-	-	-	-	-	-	1,281,492
Unreserved/Unassigned, reported in:								
Special revenue funds	680,842	714,686	403,544	712,425	161,187	380,649	405,161	-
Capital projects funds	1,062,093	1,514,872	1,299,892	1,321,000	995,198	1,462,206	930,892	-
Total all other governmental funds	<u>\$ 3,739,876</u>	<u>\$ 3,347,751</u>	<u>\$ 2,393,313</u>	<u>\$ 2,091,313</u>	<u>\$ 15,989,061</u>	<u>\$ 5,188,363</u>	<u>\$ 1,371,484</u>	<u>\$ 1,333,648</u>

(1) Information only available for the last 8 years

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 Eight Fiscal Years (1)**  
*(modified accrual basis of accounting)*

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>								
General property taxes	\$ 6,077,108	\$ 6,259,607	\$ 6,286,313	\$ 6,348,319	\$ 6,412,871	\$ 7,012,100	\$ 7,141,132	\$ 7,017,704
Other local taxes	3,765,026	4,173,376	4,204,129	4,218,213	3,806,613	4,235,425	3,337,582	3,535,835
Permits, privilege fees and regulatory licenses	18,669	16,706	35,670	52,901	36,706	20,985	37,917	35,757
Fines and forfeitures	94,082	120,966	214,933	255,274	279,394	261,418	195,704	224,244
Revenue from use of money and property	163,184	254,888	401,149	525,636	682,758	460,751	143,927	150,447
Charges for services	327,467	454,525	395,571	280,315	388,828	351,658	767,817	652,272
Miscellaneous	1,719,247	2,127,196	1,777,803	2,102,844	2,128,360	2,255,238	2,069,130	1,972,830
Recovered costs	-	-	37,752	35,406	57,465	100,376	55,660	59,580
Intergovernmental:								
Commonwealth	5,376,354	5,195,809	5,085,311	5,060,611	5,164,626	6,845,977	6,209,947	6,338,627
Federal	1,269,903	423,487	1,353,340	897,221	942,475	1,023,849	1,219,525	1,495,529
Total revenues	\$ 18,811,040	\$ 19,026,560	\$ 19,791,971	\$ 19,776,740	\$ 19,900,096	\$ 22,567,777	\$ 21,178,341	\$ 21,482,825
<b>Expenditures</b>								
General government administration	\$ 1,690,272	\$ 1,541,620	\$ 1,987,141	\$ 2,093,512	\$ 2,203,116	\$ 2,289,018	\$ 2,141,757	\$ 2,006,186
Judicial administration	936,641	1,032,956	556,137	713,455	661,831	1,178,428	1,125,737	1,082,538
Public safety	4,488,778	4,207,220	5,547,830	6,010,285	6,021,053	6,767,752	6,314,326	6,699,588
Public works	2,601,901	2,452,558	2,599,204	2,852,697	2,834,267	2,900,711	2,672,561	2,667,712
Health and welfare	1,839,950	1,766,903	1,823,156	1,976,883	1,939,683	2,038,092	2,278,482	2,253,374
Education	5,262,913	5,180,623	5,004,055	5,185,634	7,038,821	16,192,846	8,518,439	4,498,458
Parks, recreation and cultural	1,484,951	1,468,947	1,657,571	1,739,036	1,775,060	1,856,042	1,857,756	1,778,938
Community development	1,617,066	772,577	677,889	404,312	635,677	691,469	670,136	1,077,646
Capital projects	752,524	2,282,705	1,431,006	863,249	722,764	1,279,040	1,727,243	4,784,258
Debt service:								
Principal retirement	202,360	389,135	333,844	339,002	349,521	7,902,282	819,987	856,066
Bond issuance cost	16,707	-	-	-	11,780	-	-	-
Interest and other fiscal charges	144,907	156,050	144,972	140,509	129,629	126,456	817,932	872,830
Total expenditures	\$ 21,038,970	\$ 21,251,294	\$ 21,762,805	\$ 22,318,574	\$ 24,323,202	\$ 43,222,136	\$ 28,944,356	\$ 28,577,594
Excess of revenues over (under) expenditures	\$ (2,227,930)	\$ (2,224,734)	\$ (1,970,834)	\$ (2,541,834)	\$ (4,423,106)	\$ (20,654,359)	\$ (7,766,015)	\$ (7,094,769)

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

	2004	2005	2006	2007	2008	2009	2010	2011
Other financing sources (uses)								
Transfers in	\$ 1,622,069	\$ 2,840,545	\$ 2,534,769	\$ 3,404,099	\$ 3,674,085	\$ 3,951,150	\$ 2,860,859	\$ 1,830,949
Transfers out	(304,835)	(262,772)	(402,955)	(1,290,336)	(894,482)	(1,012,193)	(503,469)	(8,115)
Issuance of general obligation bonds	1,555,000	-	-	-	15,910,378	5,926,515	1,082,736	5,244,081
Refunding bonds issued	2,206,455	-	-	-	-	-	-	-
Payments on refunding of bonds	(2,280,934)	-	-	-	-	-	-	-
Capital leases	-	-	-	-	447,800	13,838	-	-
Sale of capital assets	-	-	-	-	-	24,957	127,883	2,050
Total other financing sources (uses)	\$ 2,797,755	\$ 2,577,773	\$ 2,131,814	\$ 2,113,763	\$ 19,137,781	\$ 8,904,267	\$ 3,568,009	\$ 7,068,965
Net change in fund balances	\$ 569,825	\$ 353,039	\$ 160,980	\$ (428,071)	\$ 14,714,675	\$ (11,750,092)	\$ (4,198,006)	\$ (25,804)
Debt service as a percentage of noncapital expenditures	1.71%	2.87%	2.36%	2.23%	2.03%	19.14%	6.02%	7.27%

(1) Information only available for the last 8 years

Table 6

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

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumers' Utility Tax	Motor Vehicle License Tax	Restaurant Food Tax	Business License Tax	Other Local Taxes	Total	Percentage Change from Prior Year
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%
2004	6,077,108	750,107	1,010,437	169,959	672,466	327,250	834,807	9,842,134	9.10%
2003	5,525,086	761,830	992,253	171,037	557,575	305,908	707,673	9,021,362	5.04%
2002	5,127,085	816,814	943,449	163,919	541,013	344,276	652,140	8,588,696	4.69%

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
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%
2004	578,281,745	50,421,721	968,870	50,298,125	21,050,924	701,021,385	701,021,385	100.00%
2003	518,723,480	49,589,020	986,020	50,340,000	20,230,442	639,868,962	639,868,962	100.00%
2002	510,992,410	52,323,472	1,252,385	48,424,665	18,676,520	631,669,452	631,669,452	100.00%

Source: Commissioner of Revenue

CITY OF RADFORD, VIRGINIA  
Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Years	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
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
2004	0.70	2.44	0.70	1.76
2003	0.80	2.44	0.80	1.76
2002	0.72	2.14	0.72	1.76

(1) Per \$100 of assessed value

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

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

Table 9

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 7,887,663	\$ 7,338,433	93.04%	\$ -	\$ 7,338,433	93.04%
2010	7,698,150	7,599,999	98.73%	64,819	7,664,818	99.57%
2009	7,668,216	7,502,632	97.84%	70,964	7,573,596	98.77%
2008	7,097,736	6,825,946	96.17%	109,305	6,935,251	97.71%
2007	6,930,573	6,830,912	98.56%	59,706	6,890,618	99.42%
2006	6,909,447	6,736,261	97.49%	36,107	6,772,368	98.02%
2005	6,547,030	6,538,966	99.88%	75,402	6,614,368	101.03%
2004	6,474,998	6,387,779	98.65%	63,392	6,451,171	99.63%
2003	5,896,155	5,761,795	97.72%	124,654	5,886,449	99.84%
2002	5,709,810	5,496,167	96.26%	141,884	5,638,051	98.74%

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.

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
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%
2003-04	201,163	131,892	333,055	16,444,217	2.03%
2002-03	121,847	111,502	233,349	12,352,761	1.89%
2001-02	97,219	97,239	194,458	13,341,690	1.46%

(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 Nine Fiscal Years**

Fiscal Years	Governmental Activities			Business-Type Activities			Total Primary Government	Per Capita
	General Obligation Bonds	Literary Fund Loans	Capital Leases	Revenue Bonds	General Obligation Bonds			
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	
2004	3,649,383	500,158	78,009	-	8,076,512	12,304,062	809	
2003	2,280,934	884,515	168,499	-	2,363,909	5,697,857	377	

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

**CITY OF RADFORD, VIRGINIA**  
**Ratios of Net General Bonded Debt to**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Gross Bonded Debt</b>	<b>Less: Amounts Reserved for Debt Service</b>	<b>Net Bonded Debt (2)</b>	<b>Ratio of Net General Obligation Debt to Assessed Value (1)</b>	<b>Net Bonded Debt per Capita</b>
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
2004	11,725,895	-	11,725,895	1.67%	771
2003	5,529,358	-	5,529,358	0.86%	366
2002	3,865,511	-	3,865,511	0.61%	244

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

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

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 57,828,175	\$ 63,955,375	\$ 64,697,874	\$ 65,135,034	\$ 71,879,024	\$ 78,529,654	\$ 78,050,994	\$ 79,214,029
Total net debt applicable to limit	11,725,895	12,608,996	11,840,409	10,981,066	25,699,275	23,075,778	22,791,781	26,624,275
Legal debt margin	\$ 46,102,280	\$ 51,346,379	\$ 52,857,465	\$ 54,153,968	\$ 46,179,749	\$ 55,453,876	\$ 55,259,213	\$ 52,589,754
Total net debt applicable to the limit as a percentage of debt limit	20.28%	19.72%	18.30%	16.86%	35.75%	29.38%	29.20%	33.61%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 792,140,290
Total assessed value	\$ 792,140,290
Debt limit (10% of total assessed value)	\$ 79,214,029
Net debt applicable to limit	26,624,275
Legal debt margin	\$ 52,589,754

(1) Information only available for the last 8 years.

Table 14

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

Fiscal Year	Water and Sewer Revenue Bonds					Coverage
	Water and Sewer Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2004	3,542,066	3,078,530	463,536	727,942	49,284	0.60

(1) Information only available for the last 8 years.

## **COMPLIANCE SECTION**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## **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***

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia as of and for the year ended June 30, 2011, which collectively comprise the City of Radford, Virginia's basic financial statements and have issued our report thereon dated November 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City of Radford, Virginia in a separate letter dated November 11, 2011.

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

*Robinson, Turner, Cox Associates*

Christiansburg, Virginia  
November 11, 2011



# ROBINSON, FARMER, COX ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

### Compliance

We have audited the City of Radford, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Radford, Virginia's major federal programs for the year ended June 30, 2011. The City of Radford, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Radford, Virginia's management. Our responsibility is to express an opinion on the City of Radford, Virginia's compliance based on our audit.

The City of Radford, Virginia's basic financial statements include the operations of the Component-unit Radford City School Board, which received \$1,451,214 in federal awards which is not included in the schedule during the year ended June 30, 2011. Our audit, described below, did not include the operations of the Component-unit Radford City School Board because the School Board issued a separate report that included a schedule of their federal awards and our report thereon.

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

In our opinion, the City of Radford, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control Over Compliance

Management of the City of Radford, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Radford, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Radford, Virginia's internal control over compliance.

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

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

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

*Robinson, Turner, Cox Associates*

Christiansburg, Virginia  
November 11, 2011

CITY OF RADFORD, VIRGINIA  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE:</b>			
Direct Payments:			
Community Facilities Loans and Grants	10.766	NA	\$ 35,000
Community Facilities Loans and Grants - ARRA	10.780	NA	4,819,081
Pass Through Payments:			
State Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/ 0010111/ 0040110/0040111	\$ 121,700
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - ARRA	10.561	0010110/ 0010111/ 0040110/0040111	3,364 125,064
Total Department of Agriculture			4,979,145
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Pass Through Payments:			
State Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950110/0950111	10,217
Temporary Assistance for Needy Families	93.558	0400110/0400111	119,715
Refugee and Entrant Assistance-State Administered Programs	93.566	0500109/0500110	226
Low-Income Home Energy Assistance	93.568	0600410/0600411	7,058
Child Care and Development Block Grant (Child Care Cluster)	93.575	0770110/0770111	47,404
Child Welfare Services_State Grants (Child Care Cluster)	93.645	0900110/0900111	458
ARRA - Childcare and Development Block Grant (Child Care Cluster)	93.713	740110	7,005
Child Care Mandatory and Matching Funds of the Child care and Development Funds (Child Care Cluster)	93.596	0760110/0760111	51,282
Foster Care - Title IV-E	93.658	1100110/ 1100111	\$ 84,453
Foster Care - Title IV-E ARRA	93.658	1100110/ 1100111	3,403 87,856
Adoption Assistance	93.659	1120110/1120111	\$ 33,880
Adoption Assistance - ARRA	93.659	1120110/1120111	2,601 36,481
Social Services Block Grant	93.667	1000110/1000111	75,478
Chafee Foster care Independence Program	93.674	9150110/ 9150111	1,091
Children's Health Insurance Program	93.767	0540110/0540111	3,666
Medical Assistance Program	93.778	1200110/1200111	73,227
Total Department of Health and Human Services			521,164
<b>U. S. DEPARTMENT OF HOMELAND SECURITY:</b>			
Pass Through Payments:			
State Department of Emergency Management:			
State Homeland Security Program	97.073	52707/52708	37,229
Emergency Management Performance Grants	97.042	52749	24,062
Disaster Grants - Public Assistance	97.036	77601	5,793
Total U. S. Department of Homeland Security			67,084
<b>DEPARTMENT OF JUSTICE:</b>			
Pass Through Payments:			
State Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	unknown	5,554
Public Safety Partnership and Community Policing Grants - ARRA	16.710	unknown	401,942
Project Safe Neighborhoods	16.609	unknown	97,864
Total Department of Justice			505,360

CITY OF RADFORD, VIRGINIA  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2011

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:			
CDBG Entitlement Grants Cluster:			
Community Development Block Grant ARRA Entitlement Grants	14.253	NA	31,124
Community Development Block Grants/Entitlement Grants	14.218	NA	611,068
Total Department of Housing and Urban Development			642,192
<i>DEPARTMENT OF TRANSPORTATION:</i>			
Pass Through Payments:			
<i>State Department of Motor Vehicles:</i>			
Formula Grants for Other Than Urbanized Areas	20.509	unknown	15,357
State and Community Highway Safety	20.600	50245/51151	9,308
Total Department of Transportation			24,665
<i>ENVIRONMENTAL PROTECTION AGENCY:</i>			
Pass Through Payments:			
Virginia Resources Authority:			
Capitalization Grants for Drinking Water State Revolving Funds ARRA	66.468	2F-09358309-0	1,397,834
Total Environmental Protection Agency			1,397,834
Total Expenditures of Federal Awards			\$ 8,137,444

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, 2011. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the City of Radford, Virginia, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Radford, Virginia.

Note B-Summary of Significant Accounting Policies

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

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

Note C-Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 696,585
Capital Project Fund - Debt financed projects	4,819,081
Grants Fund	793,151
Grants Fund - Debt financed projects	425,000
Highway Maintenance Fund	5,793
Utility Fund-Grant Proceed Expenditures	548,025
Utility Fund-Loan Proceed Expenditures	849,809
Total primary government	\$ 8,137,444

City of Radford, Virginia

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

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Section I - Summary of Auditor's Results

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

    Material weakness(es) identified? No

    Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

    Material weakness(es) identified? No

    Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.780	Community Facilities Loans and Grants - ARRA
66.468	Capitalization Grants for Drinking Water State Revolving Funds - ARRA
16.710	Public Safety Partnership and Community Policing Grants
14.228/14.253	CDBG - Entitlement Grants Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

**City of Radford, Virginia**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2011**

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**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.