

RADFORD CITY SCHOOL BOARD
(A COMPONENT UNIT OF THE CITY OF RADFORD)

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2011

Prepared By:
Department of Financial Services

RADFORD CITY SCHOOL BOARD
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2011

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FISCAL YEAR ENDED JUNE 30, 2011

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INTRODUCTORY SECTION

RADFORD CITY SCHOOL BOARD

SCHOOL BOARD MEMBERS

William Flora Vice-Chair
Karen Gerlach

Lynn Burris, Chair

Steve Cox
Alvin Alexander

SCHOOL OFFICIALS

Dr. Becky H. Greer
Kerri Long

Superintendent of Schools
Clerk of the School Board

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

To the Members of the
Radford City School Board
Radford, Virginia

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Radford City School Board (a component unit of the City of Radford, Virginia), as of and for the year ended June 30, 2011, which collectively comprise the Radford City School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Radford City School Board'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, each major fund, and the remaining fund information of the Radford City School Board, as of June 30, 2011, and the respective changes in financial position 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 Radford City School Board 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 14, 2011, on our consideration of the Radford City School Board'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the 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 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 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Radford City School Board's financial statements as a whole. The individual nonmajor fund financial statement and schedules 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 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.

Robinson, Turner, Co. Associates

Christiansburg, Virginia
November 14, 2011

BASIC FINANCIAL STATEMENTS

Radford City School Board
Statement of Net Assets
June 30, 2011

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 478,007
Due from other governmental units	349,882
Inventories	5,136
Capital assets (net of accumulated depreciation):	
Land	33,433
Buildings and system	5,780,928
Machinery and equipment	405,091
Total assets	<u>\$ 7,052,477</u>
LIABILITIES	
Accounts payable	\$ 51,031
Wages payable	30,679
Unearned revenue	41,889
Long-term liabilities:	
Due within one year	365,630
Due in more than one year	219,207
Total liabilities	<u>\$ 708,436</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 6,219,452
Restricted for:	
Cafeteria operations	29,872
Unrestricted (deficit)	94,717
Total net assets	<u>\$ 6,344,041</u>

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

Radford City School Board
Statement of Activities
For the Year Ended June 30, 2011

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
PRIMARY GOVERNMENT:					
Governmental activities:					
Instruction	\$ 10,515,227	\$ 74,075	\$ 9,124,607	\$ -	(1,316,545)
Administration, Attendance and Health	969,090	202	-	-	(968,888)
Pupil Transportation Services	318,279	-	-	-	(318,279)
Operation & Maintenance Services	1,338,529	-	-	-	(1,338,529)
School Food Services and Other	575,838	137,928	380,232	-	(57,678)
Technology	849,832	-	-	-	(849,832)
Facilities	49,566	-	-	-	(49,566)
Total governmental activities	\$ 14,616,361	\$ 212,205	\$ 9,504,839	\$ -	(4,899,317)
General revenues:					
Unrestricted revenues from the use of money and property					\$ 4,173
Miscellaneous					76,714
Contributions from the City of Radford, Virginia					4,377,268
Total general revenues					\$ 4,458,155
Change in net assets					\$ (441,162)
Net assets - beginning					6,785,203
Net assets - ending					\$ 6,344,041

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

Radford City School Board
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	School Grants Fund	Cafeteria Fund	School Construction Fund	School Textbook Fund	Total
ASSETS						
Cash and cash equivalents	\$ 1,000	\$ -	\$ 29,450	\$ 271,808	\$ 305,047	\$ 607,305
Due from other governmental units	98,026	244,696	7,160	-	-	349,882
Inventories	-	-	5,136	-	-	5,136
Total assets	\$ 99,026	\$ 244,696	\$ 41,746	\$ 271,808	\$ 305,047	\$ 962,323
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 31,330	\$ -	\$ 5,077	\$ -	\$ 14,624	\$ 51,031
Wages payable	29,018	-	1,661	-	-	30,679
Reconciled Overdraft	-	129,298	-	-	-	129,298
Deferred revenue	-	41,889	-	-	-	41,889
Total liabilities	\$ 60,348	\$ 171,187	\$ 6,738	\$ -	\$ 14,624	\$ 252,897
Fund balances:						
Restricted	\$ -	\$ -	\$ 29,872	\$ -	\$ -	\$ 29,872
Nonspendable	-	-	5,136	-	-	5,136
Committed	-	73,509	-	271,808	290,423	635,740
Unassigned	38,678	-	-	-	-	38,678
Total fund balances	\$ 38,678	\$ 73,509	\$ 35,008	\$ 271,808	\$ 290,423	\$ 709,426
Total liabilities and fund balances	\$ 99,026	\$ 244,696	\$ 41,746	\$ 271,808	\$ 305,047	\$ 962,323

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 709,426
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,219,452
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	(584,837)
Net assets of governmental activities	<u>\$ 6,344,041</u>

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

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

	General Fund	School Grants Fund	Cafeteria Fund	School Construction Fund	School Textbook Fund	Nonmajor Funds	Total
REVENUES							
Revenue from the use of money and property	\$ 4,149	\$ -	\$ 24	\$ -	\$ -	\$ -	\$ 4,173
Charges for services	74,075	-	137,928	-	202	-	212,205
Miscellaneous	25,526	51,188	-	-	-	-	76,714
Recovered costs	4,017	-	-	48,965	-	-	52,982
Intergovernmental revenues:							
Local government	4,307,268	-	-	-	-	-	-
Commonwealth	7,438,356	180,371	11,974	-	-	70,000	4,377,268
Federal	194,755	1,256,459	415,406	-	54,666	-	7,685,367
Total revenues	\$ 12,048,146	\$ 1,488,018	\$ 565,332	\$ 48,965	\$ 54,868	\$ 70,000	\$ 14,275,329
EXPENDITURES							
Current:							
Instruction	\$ 9,211,765	\$ 1,170,706	\$ -	\$ -	\$ 119,803	\$ -	\$ 10,502,274
Administration, Attendance and Health	912,953	46,260	-	-	-	-	959,213
Pupil Transportation Services	241,378	-	-	-	-	70,000	311,378
Operation & Maintenance Services	1,325,856	2,031	-	6,000	-	-	1,333,887
School Food Services and Other	63,749	4,575	552,892	-	-	-	621,216
Technology	603,144	261,253	-	-	-	-	864,397
Facilities	3,800	-	-	-	-	-	3,800
Capital Projects	-	-	-	408,721	-	-	408,721
Total expenditures	\$ 12,362,645	\$ 1,484,825	\$ 552,892	\$ 414,721	\$ 119,803	\$ 70,000	\$ 15,004,886
Excess (deficiency) of revenues over (under) expenditures	\$ (314,499)	\$ 3,193	\$ 12,440	\$ (365,756)	\$ (64,935)	\$ -	\$ (729,557)
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Transfers out	-	-	-	(200,000)	-	-	(200,000)
Total other financing sources (uses)	\$ 200,000	\$ -	\$ -	\$ (200,000)	\$ -	\$ -	\$ -
Net change in fund balances	\$ (114,499)	\$ 3,193	\$ 12,440	\$ (565,756)	\$ (64,935)	\$ -	\$ (729,557)
Fund balances - beginning	153,177	70,316	22,568	837,564	355,358	-	1,438,983
Fund balances - ending	\$ 38,678	\$ 73,509	\$ 35,008	\$ 271,808	\$ 290,423	\$ -	\$ 709,426

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

Radford City School Board
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

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

Net change in fund balances - total governmental funds	\$ (729,557)
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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.	355,487
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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.	(67,092)
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Change in net assets of governmental activities	<u>\$ (441,162)</u>
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The notes to the financial statements are an integral part of this statement.

RADFORD CITY SCHOOL BOARD

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2011

Note 1-Summary of Significant Accounting Policies:

The financial statements of the Radford City School Board 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 Radford City School Board (government) is a component unit of the City of Radford, Virginia, which operates two elementary schools, one middle school, and one high school for students residing in the City. The School Board consists of five elected members. City Council approves the Board's operational and capital budgets and must approve the issuance of bonded debt. City Council also provides fiscal guidance because it levies taxes for the School Board's operations and issues debt for its school capital projects. Based on these facts, the City reports the School Board as a discretely presented component unit.

Related Organizations

School Board members are occasionally appointed to various committees as provided under state and local laws and ordinances. However, the committees are advisory in nature and the School Board is not financially accountable for these committees and therefore they are not included in the School Board financial statements.

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 government. *Governmental activities* are normally supported by intergovernmental revenues.

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. Items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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.

The School Board reports the following major governmental funds:

The general fund is the School Board'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.

Special revenue funds account for and report the proceeds of specific revenue sources. Special Revenue Funds consist of the School Grants, Cafeteria, and School Textbook Funds.

The School Construction Fund accounts for all financial resources received from specific revenue sources to be used to acquire capital assets.

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. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

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

D. Budgets and Budgetary Accounting

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

The funds available to the School Board for the establishment, support and maintenance of schools consist of state funds appropriated for school purposes and apportioned to the School Board, federal funds appropriated for educational purposes and apportioned to the School Board, local funds appropriated to the School Board by the City, and other funds that may be set apart for public school purposes.

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

D. Budgets and Budgetary Accounting (Continued)

The School Board manages and controls the funds made available by the City. The school superintendent prepares, with the approval of the School Board, and submits to the City prior to April 1, the proposed operating budget for the next fiscal year. Before the School Board gives final approval to its budget for submission to the City Council, the School Board holds at least one public hearing to receive the view of the citizens.

City Council has adopted the policy of appropriating the school budget in total rather than by categories. Accordingly, the legal restrictions on expenditures for the School Board are at the fund level. The School Board is authorized to transfer budgeted amounts within each fund at its discretion. The School Board, with the concurrence of City Council, may from time to time amend the budget to provide for additional expenditures and the means of financing them.

The school budget is adopted on a basis consistent with generally accepted accounting principles. All appropriations lapse on June 30. The budgetary data presented in the accompanying financial statements are revised as of June 30 and include all appropriations approved by the City Council.

E. Cash and Cash Equivalents

The School Board considers all highly liquid investments (including certificates of deposit, repurchase agreements, treasury bills and restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

F. Inventories

Inventories are valued at the lower of cost (determined on a first-in, first-out basis) or market except for commodities received from the federal government which are valued at market. Inventories consist of food and supplies.

G. Capital assets

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the School Board as assets with an initial, individual cost of more than \$5,000 (amount not rounded). 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Note 1-Summary of Significant Accounting Policies: (Continued)**G. Capital assets (Continued)**

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	20
Equipment and furniture	5-15
Vehicles and buses	5-8

H. Fund equity

Beginning with fiscal year 2011, the Radford City School Board 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 Radford City School Board's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Radford City School Board 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 Board of Directors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

Note 1-Summary of Significant Accounting Policies: (Continued)**I. Compensated Absences**

The School Board has policies which allow for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if the leave is expected to be paid with currently available financial resources.

J. Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

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 compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this (\$584,837) difference are as follows:

	School Board
	<hr/>
Compensated absences	\$ (487,506)
Net OPEB Obligation	<hr/> (97,331)
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<hr/> \$ (584,837) <hr/>

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.

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 \$355,487 difference are as follows:

	School Board
	<hr/>
Capital outlays	\$ 618,432
Depreciation expense	(262,945)
	<hr/>
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>	\$ 355,487
	<hr/>

- 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.

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 (\$67,092) difference are as follows:

	School Board
	<hr/>
(Increase) decrease in compensated absences	\$ (58,592)
(Increase) decrease in net OPEB obligation	(8,500)
	<hr/>
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>	\$ (67,092)
	<hr/>

Note 3-Deposits and investments**Deposits**

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

Investments

Statutes authorize the School Board 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). No investments were held during the year.

Note 4-Due from Other Governmental Units:

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

	School Board
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 90,746
<u>Federal Government:</u>	
School grants	251,976
School food program	7,160
	<hr/>
Totals	\$ 349,882
	<hr/>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 5-Long-term Liabilities:

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 428,914	\$ 380,278	\$ (321,686)	\$ 487,506	\$ 365,630
Net OPEB obligation	88,831	66,050	(57,550)	97,331	-
Total	\$ 517,745	\$ 446,328	\$ (379,236)	\$ 584,837	\$ 365,630

The School Board General Fund is normally used to liquidate the liabilities above.

Note 6-Employee Retirement System and Pension Plans:**A. Plan Description - Non-Professional Employees**

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

All full-time, salaried permanent (professional) employees of public school divisions and 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.

Note 6-Employee Retirement System and Pension Plans: (Continued)

A. Plan Description - Non-Professional Employees (Continued)

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.

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 - Non-Professional Employees

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 School Board 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 School Board's contribution rate for the fiscal year ended 2011 was 6.38% of annual covered payroll.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 6-Employee Retirement System and Pension Plans: (Continued)

C. Annual Pension Cost

For fiscal year 2011, the School Board's annual pension cost of \$23,577 was equal to the School Board's required and actual contributions.

School Board - Non-professional Employees				
<u>Fiscal Year Ending</u>	<u>Annual Pension Cost * (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>	
June 30, 2011	\$ 23,577	100%	\$	-
June 30, 2010	25,164	100%		-
June 30, 2009	24,204	100%		-

* Includes employer costs only.

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 School Board'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. Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the plan was 98.78% funded. The actuarial accrued liability for benefits was \$1,503,516, and the actuarial value of assets was \$1,485,216, resulting in an unfunded actuarial accrued liability (UAAL) of \$18,300. The covered payroll (annual payroll of active employees covered by the plan) was \$337,894, and ratio of the UAAL to the covered payroll was 5.42%.

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 6-Employee Retirement System and Pension Plans: (continued)

E. Professional Employees

The Radford City School Board contributes to the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System. VRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2010-Annual-Report.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. In addition, the School Board 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 School Board's contribution to the statewide cost sharing pool for professional employees, not including the 5.00% member contribution, was \$304,915, \$506,639, and \$729,078, for the fiscal years ended 2011, 2010, and 2009, respectively. Required employer contributions represented 3.93%, 6.25%, and 8.81% of covered payroll for the fiscal years ended 2011, 2010, and 2009, respectively.

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RADFORD CITY SCHOOL BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 7-Capital Assets:

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Radford City School Board				
Capital assets, not being depreciated:				
Land	\$ 33,433	\$ -	\$ -	\$ 33,433
Construction in progress	121,284	-	(121,284)	-
Total capital assets not being depreciated	<u>\$ 154,717</u>	<u>\$ -</u>	<u>\$ (121,284)</u>	<u>\$ 33,433</u>
Capital assets, being depreciated:				
Buildings and System	\$ 9,828,446	\$ 595,271	\$ -	\$ 10,423,717
Machinery and equipment	930,092	144,445	-	1,074,537
Total capital assets being depreciated	<u>\$ 10,758,538</u>	<u>\$ 739,716</u>	<u>\$ -</u>	<u>\$ 11,498,254</u>
Less: accumulated depreciation for:				
Buildings and System	\$ (4,446,165)	\$ (196,624)	\$ -	\$ (4,642,789)
Machinery and equipment	(603,125)	(66,321)	-	(669,446)
Total accumulated depreciation	<u>\$ (5,049,290)</u>	<u>\$ (262,945)</u>	<u>\$ -</u>	<u>\$ (5,312,235)</u>
Total capital assets being depreciated, net	<u>\$ 5,709,248</u>	<u>\$ 476,771</u>	<u>\$ -</u>	<u>\$ 6,186,019</u>
Governmental activities capital assets, net	<u>\$ 5,863,965</u>	<u>\$ 476,771</u>	<u>\$ (121,284)</u>	<u>\$ 6,219,452</u>

Depreciation expense was charged to functions/programs of the School Board as follows:

Central administration	\$ 2,794
Instruction	11,186
Transportation	6,901
Food service	1,770
Technology	30,361
Operation and maintenance	121,302
Facilities	<u>88,631</u>
Total depreciation expense-governmental activities	<u>\$ 262,945</u>

Note 8-Risk Management:

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. The School Board carries commercial insurance for such risks of loss.

Note 9-Other Post-Employment Benefits:

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. Radford City School Board 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 School Board's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 20.6 years, commencing with the 2009 liability.

A. Plan Description

The City of Radford School Board administers a single-employer healthcare plan ("the Plan"). The Plan provides for participation by eligible retirees and their spouses in the health insurance programs available to School Board employees. The Plan will provide retiring employees the option to continue health insurance (PPO option) offered by the School Board until retirees attain 65 years of age at which time they may participate in a Medicare supplement (PPO option) plan.

To be eligible for this benefit, a retiree must meet at least one of the following criteria: attained age 55 and 5 years of service, or attained age 50 and 11 years of service. The benefits, employee contributions and the employer contributions are governed by the School Board and can be amended through Board action. The Plan does not issue a publicly available financial report.

B. Funding Policy

The School Board currently pays for the post-retirement health care benefits on a pay-as-you-go basis. The School Board currently has 170 employees that are eligible for the program. Retirees and spouses contribute 110% of the premium cost of retiree and spouse/dependent coverage.

Health benefits include Medical, Dental, and Vision coverage for retirees and eligible spouses/dependents. Retirees are eligible to choose one of the following medical options through the School Board. The rates are as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 9-Other Post-Employment Benefits: (continued)**B. Funding Policy: (continued)**

	Key Advantage Expanded (PPO)	Key Advantage 500 (PPO)	Medicare Supplement
Retiree	\$ 490	\$ 418	\$ 148
Retiree/Dependent	907	773	148
Family	1,323	1,129	148

The School Board is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within 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 Board's annual OPEB cost (expense) was \$66,050 and the ARC was \$63,700. The obligation calculation is as follows:

Annual required contribution	\$ 63,700
Interest on net OPEB obligation	6,662
Adjustment to annual required contribution	(4,312)
Annual OPEB cost (expense)	66,050
Contributions made	(57,550)
Increase in net OPEB obligation	8,500
Net OPEB obligation - beginning of year	88,831
Net OPEB obligation - end of year	\$ 97,331

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and previous years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	66,050	87.13%	97,331
6/30/2010	64,864	30.93%	88,831
6/30/2009	63,700	30.93%	43,667

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

Note 9-Other Post-Employment Benefits: (continued)

D. Funded Status and Funding Progress

The funded status of the Plan for the School Board as of January 1, 2009 (the most recent valuation), is as follows:

Actuarial accrued liability (AAL)	\$	470,600
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	470,600
Funded ratio (actuarial value of plan assets / AAL)		0.00%
Covered payroll (active plan members)	\$	7,800,200
UAAL as a percentage of covered payroll		6.03%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into 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 revisions as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. Under this method, future benefits are projected and the present value of such benefits is allocated from date of hire to date of eligibility. The actuarial assumptions included: inflation at 2.50 percent, plus a productivity component of 1.25 percent; investment rate of return at 7.50 percent; and a health care trend rate of 7.11 percent graded to 5.11 percent over 80 years. The UAAL is being amortized as a level percentage over the remaining amortization period, which at June 30, 2011 was 18.6 years.

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from the use of money and property	\$ 750	\$ 750	\$ 4,149	\$ 3,399
Charges for services	68,000	68,000	74,075	6,075
Miscellaneous	-	-	25,526	25,526
Recovered costs	1,000	1,000	4,017	3,017
Intergovernmental revenues:				
Local government	5,148,932	5,148,932	4,307,268	(841,664)
Commonwealth	7,402,235	7,402,235	7,438,356	36,121
Federal	-	-	194,755	194,755
Total revenues	\$ 12,620,917	\$ 12,620,917	\$ 12,048,146	\$ (572,771)
EXPENDITURES				
Current:				
Instruction	\$ 9,650,693	\$ 9,650,693	\$ 9,211,765	\$ 438,928
Administration, Attendance and Health	921,027	921,027	912,953	8,074
Pupil Transportation Services	251,824	251,824	241,378	10,446
Operation & Maintenance Services	1,311,692	1,311,692	1,325,856	(14,164)
School Food Services and Other	48,660	48,660	63,749	(15,089)
Technology	636,021	636,021	603,144	32,877
Facilities	1,000	1,000	3,800	(2,800)
Total expenditures	\$ 12,820,917	\$ 12,820,917	\$ 12,362,645	\$ 458,272
Excess (deficiency) of revenues over (under) expenditures	\$ (200,000)	\$ (200,000)	\$ (314,499)	\$ (114,499)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Total other financing sources and uses	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Net change in fund balances	\$ -	\$ -	\$ (114,499)	\$ (114,499)
Fund balances - beginning	-	-	153,177	153,177
Fund balances - ending	\$ -	\$ -	\$ 38,678	\$ 38,678

Note: GAAP serves as the budgetary basis of accounting

Radford City School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - School Grants Fund
For the Year Ended June 30, 2011

	School Grants Fund			Variance with Final Budget Positive Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Miscellaneous	\$ 65,000	\$ 65,000	\$ 51,188	\$ (13,812)
Intergovernmental revenues:				
Commonwealth	183,700	183,700	180,371	(3,329)
Federal	1,605,114	1,605,114	1,256,459	(348,655)
Total revenues	\$ 1,853,814	\$ 1,853,814	\$ 1,488,018	\$ (365,796)
EXPENDITURES				
Current:				
Instruction	\$ 1,850,814	\$ 1,850,814	\$ 1,170,706	\$ 680,108
Administration, Attendance and Health	3,000	3,000	46,260	(43,260)
Operation & Maintenance Services	-	-	2,031	(2,031)
School Food Services and Other	-	-	4,575	(4,575)
Technology	-	-	261,253	(261,253)
Total expenditures	\$ 1,853,814	\$ 1,853,814	\$ 1,484,825	\$ 368,989
Net change in fund balances	\$ -	\$ -	\$ 3,193	\$ 3,193
Fund balances - beginning	-	-	70,316	70,316
Fund balances - ending	\$ -	\$ -	\$ 73,509	\$ 73,509

Note: GAAP serves as the budgetary basis of accounting

Radford City School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - School Cafeteria Fund
For the Year Ended June 30, 2011

	Cafeteria Fund			Variance with Final Budget Positive Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 20	\$ 20	\$ 24	\$ 4
Charges for services	185,104	185,104	137,928	(47,176)
Intergovernmental revenues:				
Commonwealth	11,217	11,217	11,974	757
Federal	276,000	276,000	415,406	139,406
Total revenues	\$ 472,341	\$ 472,341	\$ 565,332	\$ 92,991
EXPENDITURES				
School Food Services and Other	\$ 472,341	\$ 472,341	\$ 552,892	\$ (80,551)
Total expenditures	\$ 472,341	\$ 472,341	\$ 552,892	\$ (80,551)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 12,440	\$ 12,440
Net change in fund balances	\$ -	\$ -	\$ 12,440	\$ 12,440
Fund balances - beginning	-	-	22,568	22,568
Fund balances - ending	\$ -	\$ -	\$ 35,008	\$ 35,008

Note: GAAP serves as the budgetary basis of accounting

Radford City School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund - School Textbook Fund
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>
REVENUES				
Charges for services	\$ -	\$ -	\$ 202	\$ 202
Intergovernmental revenues:				
Commonwealth	53,189	53,189	54,666	1,477
Total revenues	<u>\$ 53,189</u>	<u>\$ 53,189</u>	<u>\$ 54,868</u>	<u>\$ 1,679</u>
EXPENDITURES				
Current:				
Instruction	\$ 400,173	\$ 400,173	\$ 119,803	\$ 280,370
Total expenditures	<u>\$ 400,173</u>	<u>\$ 400,173</u>	<u>\$ 119,803</u>	<u>\$ 280,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (346,984)</u>	<u>\$ (346,984)</u>	<u>\$ (64,935)</u>	<u>\$ 282,049</u>
Net change in fund balances	\$ (346,984)	\$ (346,984)	\$ (64,935)	\$ 282,049
Fund balances - beginning	346,984	346,984	355,358	8,374
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,423</u>	<u>\$ 290,423</u>

Note: GAAP serves as the budgetary basis of accounting

Radford City School Board
Required Supplementary Information

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

Non-Professional Employees: 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)
June 30, 2010	\$ 1,485,216	\$ 1,503,516	\$ 18,300	98.78%	\$ 337,894	5.42%
June 30, 2009	1,491,064	1,490,533	(531)	100.04%	366,402	-0.14%
June 30, 2008	1,479,850	1,447,433	(32,417)	102.24%	339,199	-9.56%

School Board: Other Post Employment Benefits (1)

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)
January 1, 2009	\$ -	\$ 470,600	\$ 470,600	-	\$ 7,800,200	6.03%

(1) Information has only been available for 1 year.

OTHER SUPPLEMENTARY INFORMATION SECTION

Radford City School Board
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Fund
For the Year Ended June 30, 2011

	School Transit Fund			
	Budgeted Amounts		Actual	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget - Positive <u>(Negative)</u>
REVENUES				
Intergovernmental revenues:				
Local government	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Total revenues	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
EXPENDITURES				
Pupil Transportation Services	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Total expenditures	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

SUPPORTING SCHEDULES

Radford City School Board
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>
General Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ 250	\$ 250	\$ 346	\$ 96
Revenue from use of property	500	500	3,803	3,303
Total revenue from use of money and property	\$ 750	\$ 750	\$ 4,149	\$ 3,399
Charges for services:				
Tuition	\$ 68,000	\$ 68,000	\$ 74,075	\$ 6,075
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 25,526	\$ 25,526
Recovered costs:				
Rebates and refunds	\$ 1,000	\$ 1,000	\$ 3,992	\$ 2,992
Sale of equipment	-	-	25	25
Total recovered costs	\$ 1,000	\$ 1,000	\$ 4,017	\$ 3,017
Total revenue from local sources	\$ 69,750	\$ 69,750	\$ 107,767	\$ 38,017
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Radford, Virginia	\$ 5,148,932	\$ 5,148,932	\$ 4,307,268	\$ (841,664)
Total revenues from local governments	\$ 5,148,932	\$ 5,148,932	\$ 4,307,268	\$ (841,664)
Revenue from the Commonwealth:				
Categorical aid:				
Sales tax	\$ 1,050,000	\$ 1,050,000	1,149,693	\$ 99,693
Composite index hold harmless	397,675	397,675	368,932	(28,743)
Basic school aid	4,229,315	4,229,315	4,143,110	(86,205)
Foster children	-	-	17,250	17,250
Remedial summer school	38,947	38,947	44,820	5,873
Adult education	1,517	1,517	-	(1,517)
Gifted and talented	45,556	45,556	46,821	1,265
Remedial education	106,297	106,297	109,249	2,952
Special education	600,324	600,324	616,997	16,673
Vocational education	112,371	112,371	115,492	3,121
Vocational education - adults	38,301	38,301	33,671	(4,630)
Social security	270,297	270,297	277,805	7,508
Retirement	159,951	159,951	164,394	4,443
Project Graduation	5,000.00	5,000.00	2,538	(2,462)
Early reading intervention	20,506	20,506	22,557	2,051

Radford City School Board
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>
General Fund: (continued)				
Intergovernmental revenues: (continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
Homebound Instruction	\$ 12,379	\$ 12,379	\$ 11,300	\$ (1,079)
Group Life Payments	10,124	10,124	10,405	281
GED prep programs	7,859	7,859	7,859	-
Vocational education - equipment	4,000	4,000	3,008	(992)
SOL algebra readiness	16,813	16,813	16,813	-
Vocational occup/tech	-	-	3,585	3,585
At risk payments	96,287	96,287	98,884	2,597
Primary class size payments	164,854	164,854	158,607	(6,247)
Mentor teacher program	269	269	1,068	799
English as a second language	1,093	1,093	2,550	1,457
Other state funds	12,500	12,500	10,948	(1,552)
Total categorical aid	\$ 7,402,235	\$ 7,402,235	\$ 7,438,356	\$ 36,121
Total revenue from the Commonwealth	\$ 7,402,235	\$ 7,402,235	\$ 7,438,356	\$ 36,121
Revenue from the federal government:				
Categorical aid:				
State fiscal stabilization funding	\$ -	\$ -	\$ 193,788	\$ 193,788
Vocational education	-	-	967	967
Total categorical aid	\$ -	\$ -	\$ 194,755	\$ 194,755
Total revenue from the federal government	\$ -	\$ -	\$ 194,755	\$ 194,755
Total General Operating Fund	\$ 12,620,917	\$ 12,620,917	\$ 12,048,146	\$ (572,771)
Special Revenue Funds:				
School Grants Fund:				
Revenue from local sources:				
Other miscellaneous	\$ -	\$ -	\$ 3,003	\$ 3,003
Erate revenue	65,000	65,000	48,185	(16,815)
Total miscellaneous revenue	\$ 65,000	\$ 65,000	\$ 51,188	\$ (13,812)
Total revenue from local sources	\$ 65,000	\$ 65,000	\$ 51,188	\$ (13,812)
Revenue from the Commonwealth:				
Categorical aid:				
VPSA grants	\$ 154,000	\$ 154,000	\$ 151,898	\$ (2,102)
Learning without boundaries	-	-	4,998	4,998
Commonwealth Tobacco Settlement	-	-	22,493	22,493
Other state funds	29,700	29,700	982	(28,718)
Total categorical aid	\$ 183,700	\$ 183,700	\$ 180,371	\$ (3,329)
Total revenue from the Commonwealth	\$ 183,700	\$ 183,700	\$ 180,371	\$ (3,329)

Radford City School Board
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>
Special Revenue Funds: (continued)				
School Grants Fund: (continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 408,320	\$ 408,320	\$ 221,292	\$ (187,028)
Special education - grants to States	512,660	512,660	426,536	(86,124)
Vocational education	22,000	22,000	24,085	2,085
Special education - preschool grants	27,530	27,530	8,390	(19,140)
Safe and drug free schools and communities	5,500	5,500	-	(5,500)
Education technology	-	-	150	150
Improving teacher quality	88,608	88,608	67,270	(21,338)
Educational Technology	-	-	1,658	1,658
ARRA Special Education	130,000	130,000	98,292	(31,708)
ARRA Title 1	60,257	60,257	59,820	(437)
ARRA Preschool Grant	3,500	3,500	2,227	(1,273)
ARRA State fiscal stabilization grant	346,739	346,739	346,739	-
Total categorical aid	\$ 1,605,114	\$ 1,605,114	\$ 1,256,459	\$ (348,655)
Total revenue from the federal government	\$ 1,605,114	\$ 1,605,114	\$ 1,256,459	\$ (348,655)
Total School Grants Fund	\$ 1,853,814	\$ 1,853,814	\$ 1,488,018	\$ (365,796)
Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 20	\$ 20	\$ 24	\$ 4
Charges for services:				
Cafeteria sales	\$ 185,104	\$ 185,104	\$ 137,928	\$ (47,176)
Total revenue from local sources	\$ 185,124	\$ 185,124	\$ 137,952	\$ (47,172)
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 11,217	\$ 11,217	\$ 11,974	\$ 757
Total revenue from the Commonwealth	\$ 11,217	\$ 11,217	\$ 11,974	\$ 757
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 276,000	\$ 276,000	\$ 415,406	\$ 139,406
Total revenue from the federal government	\$ 276,000	\$ 276,000	\$ 415,406	\$ 139,406
Total Cafeteria Fund	\$ 472,341	\$ 472,341	\$ 565,332	\$ 92,991

Radford City School Board
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>
Special Revenue Funds: (continued)				
School Transit Fund:				
Intergovernmental revenues:				
Revenues from local governments:				
Contributions from the City of Radford, Virginia	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Total revenues from local governments	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Total School Transit Fund	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
School Textbook Fund:				
Revenue from local sources:				
Charges for services:				
Other charges for services	\$ -	\$ -	\$ 202	\$ 202
Total revenue from local sources	\$ -	\$ -	\$ 202	\$ 202
Revenue from the Commonwealth:				
Categorical aid:				
State textbook payments	\$ 53,189	\$ 53,189	\$ 54,666	\$ 1,477
Total revenue from the Commonwealth	\$ 53,189	\$ 53,189	\$ 54,666	\$ 1,477
Total School Textbook Fund	\$ 53,189	\$ 53,189	\$ 54,868	\$ 1,679
Capital Projects Fund:				
School Construction Fund:				
Revenue from local sources:				
Recovered costs:				
Insurance recovery	\$ 100,000	\$ 100,000	\$ 48,965	\$ (51,035)
Total revenue from local sources	\$ 100,000	\$ 100,000	\$ 48,965	\$ (51,035)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Lottery funds	\$ 19,815	\$ 19,815	\$ -	\$ (19,815)
Total categorical aid	\$ 19,815	\$ 19,815	\$ -	\$ (19,815)
Total revenue from the Commonwealth	\$ 19,815	\$ 19,815	\$ -	\$ (19,815)
Total School Construction Fund	\$ 119,815	\$ 119,815	\$ 48,965	\$ (70,850)
Total School Board	\$ 15,190,076	\$ 15,190,076	\$ 14,275,329	\$ (914,747)

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

Schedule 2
Page 1 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Instruction				
Classroom instruction	\$ 8,000,370	\$ 8,000,370	\$ 7,598,659	\$ 401,711
Guidance services	329,237	329,237	321,523	7,714
Social worker	43,717	43,717	41,266	2,451
Homebound instruction	32,795	32,795	33,031	(236)
Management and direction	239,431	239,431	260,457	(21,026)
Inservice and staff development	4,154	4,154	-	4,154
Library services	233,566	233,566	201,774	31,792
Office of the principal	767,423	767,423	755,055	12,368
Total Instruction	<u>\$ 9,650,693</u>	<u>\$ 9,650,693</u>	<u>\$ 9,211,765</u>	<u>\$ 438,928</u>
Administration, Attendance and Health				
Board services	\$ 35,417	\$ 35,417	\$ 47,844	\$ (12,427)
Clerk's services	73,867	73,867	74,005	(138)
Superintendent's services	232,363	232,363	221,775	10,588
Planning services	-	-	4,115	(4,115)
Fiscal services	78,617	78,617	80,110	(1,493)
Health services	46,119	46,119	46,775	(656)
Medical services	42,850	42,850	34,281	8,569
Nursing services	86,430	86,430	81,041	5,389
Psychological services	192,322	192,322	188,873	3,449
Speech/audiology services	133,042	133,042	134,134	(1,092)
Total Administration, Attendance and Health	<u>\$ 921,027</u>	<u>\$ 921,027</u>	<u>\$ 912,953</u>	<u>\$ 8,074</u>
Pupil Transportation Services				
Vehicle operation	\$ 182,397	\$ 182,397	\$ 184,791	\$ (2,394)
Monitoring services	42,777	42,777	38,669	4,108
Vehicle maintenance services	26,650	26,650	17,918	8,732
Total Pupil Transportation	<u>\$ 251,824</u>	<u>\$ 251,824</u>	<u>\$ 241,378</u>	<u>\$ 10,446</u>
Operation & Maintenance Services				
Building services	\$ 1,282,192	\$ 1,282,192	\$ 1,267,920	\$ 14,272
Grounds services	12,000	12,000	12,095	(95)
Equipment services	6,000	6,000	2,664	3,336
Vehicle services	11,500	11,500	43,177	(31,677)
Total Operations & Maintenance Services	<u>\$ 1,311,692</u>	<u>\$ 1,311,692</u>	<u>\$ 1,325,856</u>	<u>\$ (14,164)</u>
School Food Services and Other				
School food	<u>\$ 48,660</u>	<u>\$ 48,660</u>	<u>\$ 63,749</u>	<u>\$ (15,089)</u>

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

Schedule 2
Page 2 of 3

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (continued)				
Technology				
Technology - classroom instruction	\$ 64,475	\$ 64,475	\$ 157,756	\$ (93,281)
Technology - instructional support	534,546	534,546	397,600	136,946
Technology - administration	7,000	7,000	9,256	(2,256)
Technology - operations and maintenance	30,000	30,000	38,532	(8,532)
Total Technology	<u>\$ 636,021</u>	<u>\$ 636,021</u>	<u>\$ 603,144</u>	<u>\$ 32,877</u>
Facilities				
Architecture and engineering services	\$ 1,000	\$ 1,000	\$ 3,800	\$ (2,800)
Total General Operating Fund	<u>\$ 12,820,917</u>	<u>\$ 12,820,917</u>	<u>\$ 12,362,645</u>	<u>\$ 458,272</u>
Special Revenue Funds:				
School Grants Fund:				
Instruction				
Classroom instruction	\$ 1,802,048	\$ 1,802,048	\$ 1,121,823	\$ 680,225
Instructional Staff	48,766	48,766	-	48,766
Instructional Support	-	-	21,413	(21,413)
Library services	-	-	27,470	(27,470)
Total Instruction	<u>\$ 1,850,814</u>	<u>\$ 1,850,814</u>	<u>\$ 1,170,706</u>	<u>\$ 680,108</u>
Administration, Attendance and Health				
Management and direction	\$ 3,000	\$ 3,000	\$ 4,080	\$ (1,080)
Vehicle Operation Services	-	-	1,346	(1,346)
Psychological services	-	-	40,834	(40,834)
Total Administration, Attendance and Health	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 46,260</u>	<u>\$ (43,260)</u>
Operation & Maintenance Services				
Equipment services	\$ -	\$ -	\$ 2,031	\$ (2,031)
School Food Services and Other				
School food	\$ -	\$ -	\$ 4,575	\$ (4,575)
Technology				
Technology classroom Instruction	\$ -	\$ -	\$ 200,083	\$ (200,083)
Technology instructional support	-	-	61,170	(61,170)
Total Technology	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,253</u>	<u>\$ (261,253)</u>
Total School Grants Fund	<u>\$ 1,853,814</u>	<u>\$ 1,853,814</u>	<u>\$ 1,484,825</u>	<u>\$ 368,989</u>

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

<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>
Special Revenue Funds: (continued)				
Cafeteria Fund:				
School Food Services and Other				
School food	\$ 472,341	\$ 472,341	\$ 552,892	\$ (80,551)
Total Cafeteria Fund	\$ 472,341	\$ 472,341	\$ 552,892	\$ (80,551)
School Transit Fund:				
Pupil Transportation Services				
Vehicle services	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
Total School Transit Fund	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
School Textbook Fund:				
Instruction				
Classroom instruction	\$ 400,173	\$ 400,173	\$ 119,803	\$ 280,370
Total School Textbook Fund	\$ 400,173	\$ 400,173	\$ 119,803	\$ 280,370
Capital Projects Fund:				
School Construction Fund:				
Operation & Maintenance Services				
Building services	\$ 150,000	\$ 150,000	\$ 6,000	\$ 144,000
Capital projects				
Site improvements	\$ 5,000	\$ 5,000	\$ 2,684	\$ 2,316
Building improvements	465,300	465,300	406,037	59,263
Total Capital Projects	\$ 470,300	\$ 470,300	\$ 408,721	\$ 61,579
Total School Construction Fund	\$ 620,300	\$ 620,300	\$ 414,721	\$ 205,579
Total School Board	\$ 16,237,545	\$ 16,237,545	\$ 15,004,886	\$ 1,232,659

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Members of
The Radford City School Board
Radford, Virginia

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of the Radford City School Board (a component unit of the City of Radford, Virginia) as of and for the year ended June 30, 2011, which collectively comprise the Radford City School Board's basic financial statements and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the *Specifications for Audits of Authorities, Boards, and Commissions*, 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 Radford City School Board'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 Radford City School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Radford City School Board'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 Radford City School Board'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*.

This report is intended solely for the information and use of the School Board, 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, Co. Associates

Christiansburg, Virginia
November 14, 2011

ROBINSON, FARMER, COX ASSOCIATES

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

To the Members of
The Radford City School Board
Radford, Virginia

Compliance

We have audited the Radford City School Board'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 Radford City School Board's major federal programs for the year ended June 30, 2011. The Radford City School Board'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 Radford City School Board's management. Our responsibility is to express an opinion on the Radford City School Board's compliance based on our audit.

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 Radford City School Board'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 Radford City School Board's compliance with those requirements.

In our opinion, the Radford City School Board 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 Radford City School Board 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 Radford City School Board'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 Radford City School Board'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 the School Board, 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 14, 2011

Radford City School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Pass Through Payments from:			
State Department of Agriculture:			
Food Distribution (Note C) (Child Nutrition Cluster)	10.555	40623	\$ 47,148
State Department of Education:			
<i>Child Nutrition Cluster:</i>			
National school lunch program	10.555	40623	<u>275,604</u> 322,752
State Department of Education:			
<i>Child Nutrition Cluster:</i>			
National school breakfast program	10.553	40591	<u>92,654</u>
Total Department of Agriculture			<u>\$ 415,406</u>
Department of Education:			
Pass Through Payments from:			
State Department of Education:			
<i>Title I, Part A Cluster:</i>			
Title I Grants to Local Educational Agencies	84.010	42892	221,292
Title I Grants to Local Educational Agencies - ARRA	84.389	42934	59,820
<i>Special Education Cluster (IDEA):</i>			
Special Education - Grants to States	84.027	60205	426,536
Special Education - Grants to States - ARRA	84.391	61245	98,292
Career and technical education - Basic Grants to states	84.048	60531	25,052
Education Technology State Grant - ARRA	84.386	60897	1,658
Improving Teacher Quality State Grants	84.367	61484	67,270
Education Technology State Grants	84.318	61600	150
Special education - Preschool Grants	84.173	61136	8,390
Special education - Preschool Grants - ARRA	84.392	61247	2,227
State Fiscal Stabilization Fund - Education State Grants - ARRA	84.394	62532	<u>540,527</u>
Total Department of Education			<u>\$ 1,451,214</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,866,620</u></u>

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 School Board 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 School Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Radford School Board.

Radford City School Board
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

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 -- Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note D -- Relationship to the Financial Statements:

Federal expenditures and revenues are reported in the School Board's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 194,755
Grants Fund	1,256,459
Cafeteria Fund	<u>415,406</u>
 Total School Board	 <u><u>\$ 1,866,620</u></u>

Radford City School Board

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

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?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section 510 (a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173/84.392/84.391	Special Education Cluster (IDEA)
84.394	State Fiscal Stabilization Fund - Education State Grants - ARRA
84.010/84.389	Title 1, Part A Cluster
10.553/10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings.

Section III - Federal Award Findings and Questioned Costs

There are no findings or questioned costs related to federal awards

Radford City School Board

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

Section IV - Status of Prior Audit Findings and Questioned Costs

Finding 2010-1 Funding Source - Department of Education

State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
CFDA Number 84.394 - Year ending June 30, 2010

Condition: The School Board hired a contractor to perform roof repairs at a total cost of \$514,600 and used SFSF funds to pay for a portion of the contract. The School Board did not have procedures in place to monitor compliance requirements; and therefore, did not require the contractor to pay wages in accordance with the Act as required under the SFSF program.

Recommendation: The School Board should perform a detailed review of all new grants awarded to the School System to determine if new compliance monitoring will be required. Once the School Board determines that new compliance requirements exist; controls should be developed to monitor adherence with same. In relation to the roof repairs completed, the School Board should seek guidance from their oversight agency for appropriate action.

Current Status: The School Board did not use federal funds for construction projects during the current fiscal year. In addition, the School Board is now aware of Davis Bacon requirements going forward.