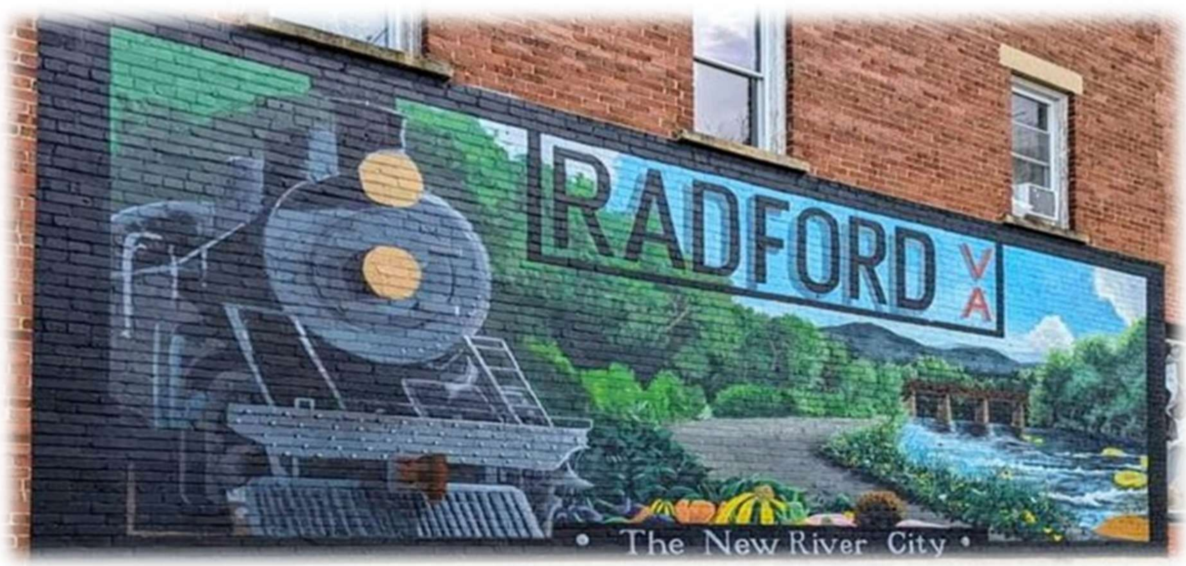
FINANCIAL STATEMENTS



CITY OF RADFORD, VIRGINIA

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

CITY OF RADFORD, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

Prepared By:
Department of Financial Services

CITY OF RADFORD, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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CITY OF RADFORD, VIRGINIA

CITY COUNCIL

David Horton, Mayor

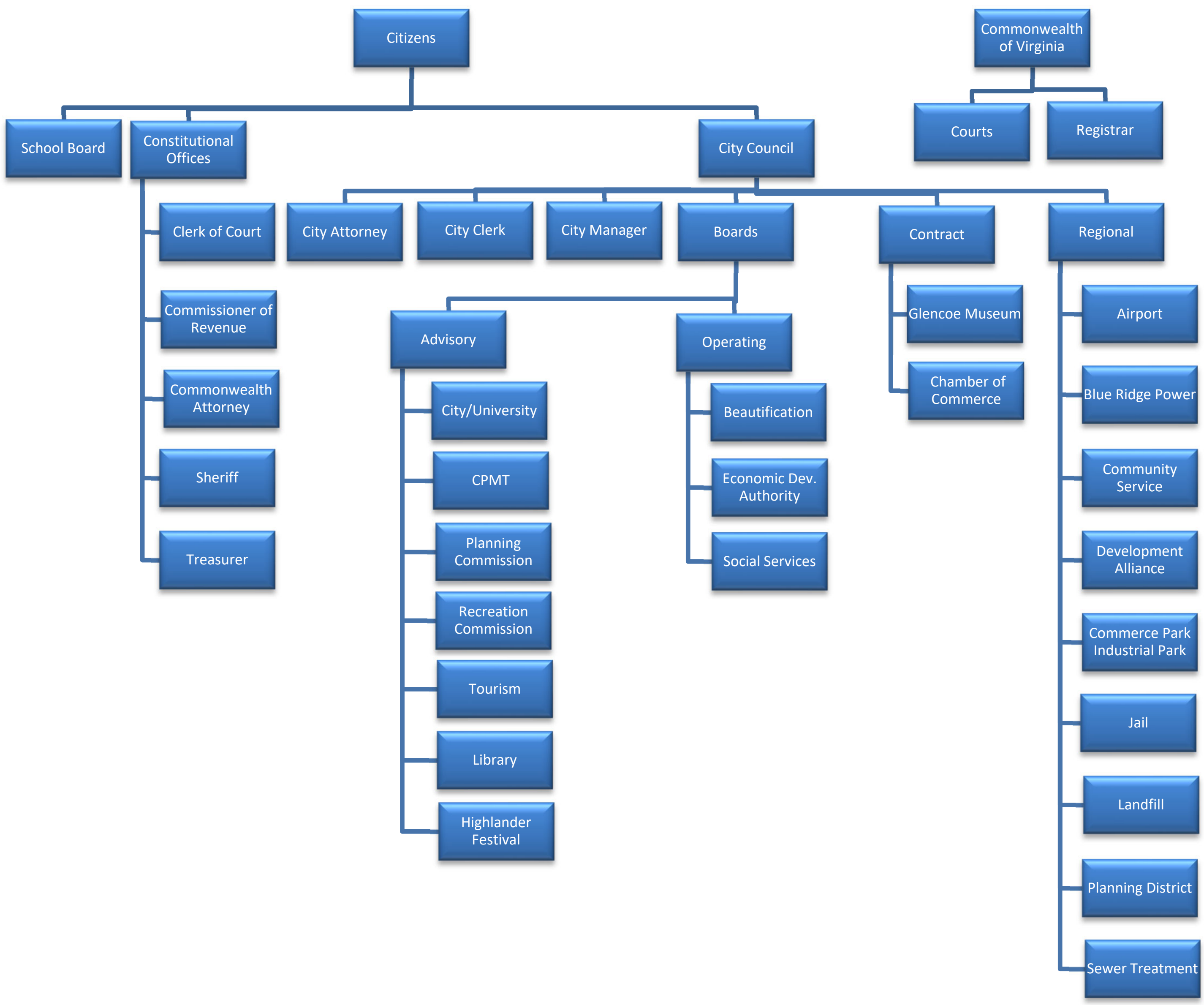
Seth Gillespie, Vice Mayor
Kellie Artrip
Guy Wohlford
Jessie Foster

OTHER OFFICIALS

Interim City Manager .... Craig Meadows
City Clerk .... Jenni Webb
Finance Director ....Chelista Linkous

Organizational Chart

City of Radford



FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 and for the year ended June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Radford, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 26 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 26 to the financial statements, in 2025, the City restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Radford, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Radford, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Radford, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Management has omitted 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 opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Radford, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal* Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2026, 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 solely 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 effectiveness of the City of Radford, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Radford, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
June 25, 2026

Basic Financial Statements

Exhibit 1

City of Radford, Virginia
Statement of Net Position
June 30, 2025

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	$ 3,978,962	$ 2,280,262	$ 6,259,224	$ 3,839,805	$ 305,432
Receivables (net of allowance for uncollectibles):					
Taxes receivable	5,760,086	-	5,760,086	-	-
Accounts receivable	1,153,797	3,254,941	4,408,738	968,294	21,666
Leases receivable	144,982	-	144,982	-	-
Due from other governmental units	2,622,241	-	2,622,241	437,361	-
Due from primary government	-	-	-	-	158,650
Inventories	71,360	1,086,446	1,157,806	19,175	806,901
Prepaid items	278,031	68,543	346,574	229,173	-
Net pension asset	-	-	-	50,851	-
Capital assets:					
Capital assets, not being depreciated/amortized	3,529,948	712,498	4,242,446	586,322	-
Capital assets net of accumulated depreciation/amortization	64,031,857	9,862,265	73,894,122	13,516,725	4,675
Total assets	$ 81,571,264	$ 17,264,955	$ 98,836,219	$ 19,647,706	$ 1,297,324
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	$ 276,644	$ -	$ 276,644	$ -	$ -
Pension related items	2,710,431	747,208	3,457,639	4,213,020	-
OPEB related items	1,345,430	71,473	1,416,903	450,815	-
Total deferred outflows of resources	$ 4,332,505	$ 818,681	$ 5,151,186	$ 4,663,835	$ -
LIABILITIES					
Accounts payable	$ 1,294,322	$ 8,730,014	$ 10,024,336	$ 239,012	$ 4,606
Accrued wages	616,934	148,692	765,626	73,778	-
Accrued health claims	-	-	-	152,651	-
Customers' deposits	-	484,594	484,594	-	-
Amount held for others	20,084	-	20,084	-	-
Accrued interest payable	336,907	19,832	356,739	-	-
Due to component unit	158,650	-	158,650	-	-
Unearned revenue	95,229	-	95,229	1,883,543	74,368
Long-term liabilities:					
Due within one year	2,202,807	343,514	2,546,321	569,171	-
Due in more than one year	39,158,236	3,472,266	42,630,502	12,770,445	-
Total liabilities	$ 43,883,169	$ 13,198,912	$ 57,082,081	$ 15,688,600	$ 78,974
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue-property taxes	$ 4,909,624	$ -	$ 4,909,624	$ -	$ -
Pension related items	1,464,093	444,611	1,908,704	1,941,790	-
OPEB related items	1,448,285	123,029	1,571,314	362,049	-
Lease related items	131,434	-	131,434	-	-
Total deferred inflows of resources	$ 7,953,436	$ 567,640	$ 8,521,076	$ 2,303,839	$ -
NET POSITION					
Net investment in capital assets	$ 36,008,176	$ 9,116,892	$ 45,125,068	$ 14,103,047	$ 4,675
Restricted	6,349,959	-	6,349,959	835,333	-
Unrestricted (deficit)	(8,290,971)	(4,799,808)	(13,090,779)	(8,619,278)	1,213,675
Total net position	$ 34,067,164	$ 4,317,084	$ 38,384,248	$ 6,319,102	$ 1,218,350

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

Exhibit 2

City of Radford, Virginia
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units: School Board	Component Units: EDA
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	$ 3,826,314	$ 72,155	$ 363,563	$ -	$ (3,390,596)	$ -	$ (3,390,596)	$ -	$ -
Judicial administration	2,071,342	151,950	648,304	-	(1,271,088)	-	(1,271,088)	-	-
Public safety	12,495,118	757,935	2,656,579	-	(9,080,604)	-	(9,080,604)	-	-
Public works	4,111,769	23,275	3,053,323	618,848	(416,323)	-	(416,323)	-	-
Health and welfare	4,075,969	-	3,028,664	-	(1,047,305)	-	(1,047,305)	-	-
Education	6,082,406	-	-	-	(6,082,406)	-	(6,082,406)	-	-
Parks, recreation, and cultural	3,140,340	84,413	252,257	-	(2,803,670)	-	(2,803,670)	-	-
Community development	4,157,526	-	2,477,406	-	(1,680,120)	-	(1,680,120)	-	-
Interest	970,546	-	-	-	(970,546)	-	(970,546)	-	-
Total governmental activities	$ 40,931,330	$ 1,089,728	$ 12,480,096	$ 618,848	$ (26,742,658)	$ -	$ (26,742,658)	$ -	$ -
Business-type activities:									
Water and sewer	$ 6,476,595	$ 6,014,861	$ -	$ -	$ -	$ (461,734)	$ (461,734)	$ -	$ -
Electric	24,430,326	27,654,646	-	-	-	3,224,320	3,224,320	-	-
Solid waste	1,669,706	1,573,581	-	-	-	(96,125)	(96,125)	-	-
Total business-type activities	$ 32,576,627	$ 35,243,088	$ -	$ -	$ -	$ 2,666,461	$ 2,666,461	$ -	$ -
Total primary government	$ 73,507,957	$ 36,332,816	$ 12,480,096	$ 618,848	$ (26,742,658)	$ 2,666,461	$ (24,076,197)	$ -	$ -
COMPONENT UNITS:									
School Board	$ 44,130,203	$ 2,008,418	$ 16,117,743	$ -	$ -	$ -	$ -	$ (26,004,042)	$ -
EDA	266,453	53,566	-	-	-	-	-	-	(212,887)
Total component units	$ 44,396,656	$ 2,061,984	$ 16,117,743	$ -	$ -	$ -	$ -	$ (26,004,042)	$ (212,887)
General revenues:									
General property taxes					$ 11,826,309	$ -	$ 11,826,309	$ -	$ -
Other local taxes:									
Local sales and use taxes					1,790,053	-	1,790,053	-	-
Consumers' utility taxes					558,017	-	558,017	-	-
Business license taxes					591,191	-	591,191	-	-
Motor vehicle taxes					206,171	-	206,171	-	-
Restaurant food taxes					1,342,473	-	1,342,473	-	-
Bank stock taxes					209,527	-	209,527	-	-
Hotel and motel room taxes					441,877	-	441,877	-	-
Other local taxes					240,001	-	240,001	-	-
Unrestricted revenues from the use of money (net of fees)					3,034	-	3,034	425	3
Miscellaneous					2,525,842	365,607	2,891,449	171,252	-
Contributions from the City of Radford					-	-	-	6,049,469	450,777
Grants and contributions not restricted to specific programs					1,227,339	-	1,227,339	23,093,445	-
Transfers					5,377,787	(5,377,787)	-	-	-
Total general revenues and transfers					$ 26,339,621	$ (5,012,180)	$ 21,327,441	$ 29,314,591	$ 450,780
Change in net position					$ (403,037)	$ (2,345,719)	$ (2,748,756)	$ 3,310,549	$ 237,893
Net position - beginning, as previously reported					$ 34,944,530	$ 6,855,499	$ 41,800,029	$ 3,008,553	$ 980,457
Restatements					(474,329)	(192,696)	(667,025)	-	-
Net position - beginning, as restated					34,470,201	6,662,803	41,133,004	3,008,553	980,457
Net position - ending					$ 34,067,164	$ 4,317,084	$ 38,384,248	$ 6,319,102	$ 1,218,350

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

Exhibit 3

City of Radford, Virginia
Balance Sheet
Governmental Funds
June 30, 2025

	General	Transit	Grants	Highway Maintenance	Capital Projects	Total
ASSETS						
Cash and cash equivalents	$ 25,200	$ -	$ 70,229	$ 3,785,017	$ -	$ 3,880,446
Receivables (net of allowance for uncollectibles):						
Taxes receivable	5,760,086	-	-	-	-	5,760,086
Accounts receivable	1,078,432	73,926	-	-	-	1,152,358
Leases receivable	144,982	-	-	-	-	144,982
Due from other governmental units	1,032,428	307,631	891,716	52,002	338,464	2,622,241
Prepaid items	240,378	648	13,663	15,391	-	270,080
Total assets	$ 8,281,506	$ 382,205	$ 975,608	$ 3,852,410	$ 338,464	$ 13,830,193
LIABILITIES						
Accounts payable	$ 564,110	$ 286,234	$ 140,985	$ 32,560	$ 256,356	$ 1,280,245
Accrued wages and benefits	545,453	2,055	34,165	30,159	-	611,832
Amounts held for others	20,084	-	-	-	-	20,084
Due to component unit	-	-	158,650	-	-	158,650
Unearned revenue	25,000	-	70,229	-	-	95,229
Total liabilities	$ 1,154,647	$ 288,289	$ 404,029	$ 62,719	$ 256,356	$ 2,166,040
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	$ 5,766,018	$ -	$ -	$ -	$ -	$ 5,766,018
Unavailable revenue-ambulance billings	127,181	-	-	-	-	127,181
Unavailable revenue-opioid settlement receivable	444,168	-	-	-	-	444,168
Lease related items	144,982	-	-	-	-	144,982
Total deferred inflows of resources	$ 6,482,349	$ -	$ -	$ -	$ -	$ 6,482,349
FUND BALANCES						
Nonspendable	$ 240,378	$ 648	$ 13,663	$ 15,391	$ -	$ 270,080
Restricted	2,022,184	93,268	-	3,774,300	-	5,889,752
Committed	499,828	-	557,916	-	82,108	1,139,852
Unassigned	(2,117,880)	-	-	-	-	(2,117,880)
Total fund balances	$ 644,510	$ 93,916	$ 571,579	$ 3,789,691	$ 82,108	$ 5,181,804
Total liabilities, deferred inflows of resources, and fund balances	$ 8,281,506	$ 382,205	$ 975,608	$ 3,852,410	$ 338,464	$ 13,830,193

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

City of Radford, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 5,181,804
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated/amortized	$ 3,529,948	
Capital assets, being depreciated/amortized (excludes $328,346 in Internal Service Fund)	135,263,349	
Accumulated depreciation/amortization (excludes $295,018 in Internal Service Fund)	(71,264,820)	67,528,477
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue-property taxes	$ 856,394	
Unavailable revenue-ambulance billings	127,181	
Unavailable revenue-opioid settlement receivable	444,168	1,427,743
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		106,168
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items (excludes $39,274 in Internal Services Fund)	$ 2,671,157	
OPEB related items (excludes $3,693 in Internal Services Fund)	1,341,737	4,012,894
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds	$ (30,097,764)	
Deferred charges on refunding	276,644	
Financed purchases	(138,549)	
Lease liabilities	(510,311)	
Accrued interest payable	(336,907)	
Unamortized bond premium	(807,005)	
Compensated absences (excludes $5,330 in Internal Services Fund)	(1,284,096)	
Net OPEB liabilities (excludes $23,131 in Internal Services Fund)	(3,721,385)	
Net pension liability (excludes $65,742 in Internal Services Fund)	(4,707,730)	(41,327,103)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items (excludes $29,505 in Internal Services Fund)	$ (1,434,588)	
OPEB related items (excludes $6,506 in Internal Services Fund)	(1,441,779)	
Lease receivable related items	13,548	(2,862,819)
Net position of governmental activities		$ 34,067,164

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

Exhibit 5

City of Radford, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	Transit	Grants	Highway Maintenance	Capital Projects	Total
REVENUES						
General property taxes	$ 11,544,995	$ -	$ -	$ -	$ -	$ 11,544,995
Other local taxes	5,379,310	-	-	-	-	5,379,310
Permits, privilege fees, and regulatory licenses	50,118	-	-	-	-	50,118
Fines and forfeitures	101,374	-	-	-	-	101,374
Revenue from the use of money and property	208,938	-	-	-	-	208,938
Charges for services	865,878	2,400	-	20,203	-	888,481
Miscellaneous	1,923,130	561,425	7,908	-	-	2,492,463
Recovered costs	10,813	-	-	-	-	10,813
Intergovernmental	6,892,651	1,917,634	2,083,242	3,094,292	338,464	14,326,283
Total revenues	$ 26,977,207	$ 2,481,459	$ 2,091,150	$ 3,114,495	$ 338,464	$ 35,002,775
EXPENDITURES						
General government administration	$ 3,868,876	$ -	$ 13,615	$ -	$ -	$ 3,882,491
Judicial administration	2,061,344	-	-	-	-	2,061,344
Public safety	10,466,538	-	1,475,885	-	-	11,942,423
Public works	1,154,120	-	11,033	1,764,303	-	2,929,456
Health and welfare	4,051,372	-	600	-	-	4,051,972
Education	5,483,571	-	-	-	-	5,483,571
Parks, recreation, and cultural	2,840,604	-	-	-	-	2,840,604
Community development	540,065	2,826,520	216,636	-	-	3,583,221
Capital projects	60,656	-	224,270	76,256	442,433	803,615
Debt service:						
Principal retirement	1,588,272	-	-	-	-	1,588,272
Interest and other fiscal charges	1,068,052	-	-	-	-	1,068,052
Bond issuance costs	174,494	-	-	-	-	174,494
Total expenditures	$ 33,357,964	$ 2,826,520	$ 1,942,039	$ 1,840,559	$ 442,433	$ 40,409,515
Excess (deficiency) of revenues over (under) expenditures	$ (6,380,757)	$ (345,061)	$ 149,111	$ 1,273,936	$ (103,969)	$ (5,406,740)
OTHER FINANCING SOURCES (USES)						
Transfers in	$ 5,209,172	$ 382,654	$ 608,999	$ -	$ 101,298	$ 6,302,123
Transfers out	(735,846)	-	(188,490)	-	-	(924,336)
Proceeds of refunding bonds	6,000,000	-	-	-	-	6,000,000
Payment to refunded bond escrow agent	(1,679,517)	-	-	-	-	(1,679,517)
Total other financing sources (uses)	$ 8,793,809	$ 382,654	$ 420,509	$ -	$ 101,298	$ 9,698,270
Net change in fund balances	$ 2,413,052	$ 37,593	$ 569,620	$ 1,273,936	$ (2,671)	$ 4,291,530
Fund balances - beginning, as previously reported	$ (1,936,204)	$ 55,527	$ -	$ 2,503,164	$ 84,779	$ 707,266
Restatements	167,662	796	1,959	12,591	-	183,008
Fund balances - beginning, as restated	$ (1,768,542)	$ 56,323	$ 1,959	$ 2,515,755	$ 84,779	$ 890,274
Fund balances - ending	$ 644,510	$ 93,916	$ 571,579	$ 3,789,691	$ 82,108	$ 5,181,804

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

Exhibit 6

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, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 4,291,530
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/amortization expense. This is the detail of items supporting this adjustment. capital outlays in the current period.		
Capital outlays	$ 1,004,464	
Depreciation/amortization expense (excludes $6,075 in Internal Service Fund)	(3,217,270)	(2,212,806)
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.		
Transfer of land to EDA		(251,227)
Disposal of assets		(60,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	$ 281,314	
Rescue squad charges	53,348	
Opioid settlement receivable	33,379	
Lease related items	(3,593)	364,448
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issued or incurred:		
Issuance of refunding bond		$ (6,000,000)
Principal repayments:		
General obligation bonds	$ 1,397,106	
Financed purchases	65,446	
Lease liabilities	125,720	
Current refunding principal payment	1,620,000	3,208,272
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.		
Change in compensated absences (excludes $(56) in Internal Services Fund)	$ 212,820	
Change in accrued interest payable	89,915	
Amortization of bond premium	258,893	
Amortization of deferred charge on refunding	(17,291)	
Change in OPEB related items	(877,315)	
Change in pension related items	544,584	211,606
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.		45,140
Change in net position of governmental activities		$ (403,037)

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

Exhibit 7

City of Radford, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2025

	Enterprise Funds				
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 268,712	$ 1,577,360	$ 434,190	$ 2,280,262	$ 98,516
Accounts receivable, net of allowance for uncollectibles	557,479	2,549,201	148,261	3,254,941	1,439
Inventories	241,534	844,912	-	1,086,446	71,360
Prepaid items	30,109	28,319	10,115	68,543	7,951
Total current assets	$ 1,097,834	$ 4,999,792	$ 592,566	$ 6,690,192	$ 179,266
Noncurrent assets:					
Capital assets:					
Capital assets, not being depreciated	$ 188,734	$ 523,764	$ -	$ 712,498	$ -
Capital assets, net of accumulated depreciation	6,733,311	2,755,750	373,204	9,862,265	33,328
Total capital assets	$ 6,922,045	$ 3,279,514	$ 373,204	$ 10,574,763	$ 33,328
Total noncurrent assets	$ 6,922,045	$ 3,279,514	$ 373,204	$ 10,574,763	$ 33,328
Total assets	$ 8,019,879	$ 8,279,306	$ 965,770	$ 17,264,955	$ 212,594
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	$ 275,770	$ 361,667	$ 109,771	$ 747,208	$ 39,274
OPEB related items	26,384	34,582	10,507	71,473	3,693
Total deferred outflows of resources	$ 302,154	$ 396,249	$ 120,278	$ 818,681	$ 42,967
LIABILITIES					
Current liabilities:					
Accounts payable	$ 221,460	$ 8,364,894	$ 143,660	$ 8,730,014	$ 14,077
Salaries and wages payable	54,462	71,568	22,662	148,692	5,102
Customers' deposits	54,827	429,767	-	484,594	-
Accrued interest payable	-	10,623	9,209	19,832	-
Compensated absences - current portion	44,637	101,158	18,852	164,647	3,604
Due to Pulaski County PSA - current portion	-	-	24,027	24,027	-
Bonds payable - current portion	34,245	120,595	-	154,840	-
Total current liabilities	$ 409,631	$ 9,098,605	$ 218,410	$ 9,726,646	$ 22,783
Noncurrent liabilities:					
Compensated absences - net of current portion	$ 30,083	$ 122,056	$ 14,275	$ 166,414	$ 1,726
Due to Pulaski County PSA - net of current portion	-	-	216,592	216,592	-
Bonds payable - net of current portion	435,747	867,284	-	1,303,031	-
Net OPEB liabilities	164,479	214,001	65,240	443,720	23,131
Net pension liability	482,590	662,740	197,179	1,342,509	65,742
Total noncurrent liabilities	$ 1,112,899	$ 1,866,081	$ 493,286	$ 3,472,266	$ 90,599
Total liabilities	$ 1,522,530	$ 10,964,686	$ 711,696	$ 13,198,912	$ 113,382
DEFERRED INFLOWS OF RESOURCES					
Pension related items	$ 136,233	$ 245,914	$ 62,464	$ 444,611	$ 29,505
OPEB related items	45,930	59,006	18,093	123,029	6,506
Total deferred inflows of resources	$ 182,163	$ 304,920	$ 80,557	$ 567,640	$ 36,011
NET POSITION					
Net investment in capital assets	$ 6,452,053	$ 2,291,635	$ 373,204	$ 9,116,892	$ 33,328
Unrestricted (deficit)	165,287	(4,885,686)	(79,409)	(4,799,808)	72,840
Total net position	$ 6,617,340	$ (2,594,051)	$ 293,795	$ 4,317,084	$ 106,168

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

City of Radford, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Enterprise Funds				Internal
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	Service Funds
OPERATING REVENUES					
Charges for services:					
Water sales	$ 2,667,748	$ -	$ -	$ 2,667,748	$ -
Electric sales	-	27,297,118	-	27,297,118	-
Sanitation charges	-	-	1,573,581	1,573,581	-
Internal service charges	-	-	-	-	1,033,582
Sewer sales	3,073,786	-	-	3,073,786	-
Connection fees	64,445	-	-	64,445	-
Availability fees	57,097	-	-	57,097	-
Penalties	151,785	357,528	-	509,313	-
Miscellaneous revenue	14,820	252,037	11,665	278,522	22,147
Other revenues	-	87,085	-	87,085	-
Total operating revenues	$ 6,029,681	$ 27,993,768	$ 1,585,246	$ 35,608,695	$ 1,055,729
OPERATING EXPENSES					
Personnel	$ 1,914,275	$ 2,390,028	$ 834,716	$ 5,139,019	$ 315,780
Professional services	125,881	392,141	68,750	586,772	17,559
Automotive expenses	162,092	68,985	150,026	381,103	501,059
Office supplies and expenses	32,441	28,738	-	61,179	1,498
Risk management	37,748	34,744	14,005	86,497	5,543
Postal services	321	41	-	362	-
Telecommunications	61,825	28,197	548	90,570	1,465
Conferences and education	3,282	1,569	-	4,851	810
Dues and memberships	1,124	40,337	-	41,461	-
Heating service	10,633	-	-	10,633	2,713
Repairs and maintenance	619,231	117,825	-	737,056	83,519
Janitorial supplies	1,270	10,089	100	11,459	2,608
Tools	4,601	93,710	-	98,311	4,079
Lease/rentals	66,695	5,280	-	71,975	-
Agricultural supplies	679	-	-	679	-
Uniforms	13,665	17,636	2,363	33,664	716
Building expenses	4,625	-	6,775	11,400	37,577
Solid waste services	2,314	3,563	-	5,877	-
Electrical service	327,402	1,041	2,282	330,725	28,802
Water and waste services	693	951	450	2,094	337
Refuse hauling	-	-	121,703	121,703	-
Supplies	8,606	-	-	8,606	-
Purchase of electricity	-	20,273,272	-	20,273,272	-
Services from other governments	2,053,425	-	208,852	2,262,277	-
Payment in lieu of taxes	394,403	338,793	182,507	915,703	-
Miscellaneous	2,681	33,368	1,738	37,787	449
Chemicals and gases	92,575	-	-	92,575	-
Computer equipment and software	1,561	-	-	1,561	-
Depreciation	532,547	540,751	65,393	1,138,691	6,075
Total operating expenses	$ 6,476,595	$ 24,421,059	$ 1,660,208	$ 32,557,862	$ 1,010,589
Operating income (loss)	$ (446,914)	$ 3,572,709	$ (74,962)	$ 3,050,833	$ 45,140
NONOPERATING REVENUES (EXPENSES)					
Interest expense	$ -	$ (9,267)	$ (9,498)	$ (18,765)	$ -
Total nonoperating revenues (expenses)	$ -	$ (9,267)	$ (9,498)	$ (18,765)	$ -
Income (loss) before transfers	$ (446,914)	$ 3,563,442	$ (84,460)	$ 3,032,068	$ 45,140
Transfers in	188,490	-	-	188,490	-
Transfers out	-	(5,566,277)	-	(5,566,277)	-
Change in net position	$ (258,424)	$ (2,002,835)	$ (84,460)	$ (2,345,719)	$ 45,140
Net position - beginning, as previously reported	$ 6,902,768	$ (433,371)	$ 386,102	$ 6,855,499	$ 62,214
Restatements	(27,004)	(157,845)	(7,847)	(192,696)	(1,186)
Net position - beginning, as restated	$ 6,875,764	$ (591,216)	$ 378,255	$ 6,662,803	$ 61,028
Net position - ending	$ 6,617,340	$ (2,594,051)	$ 293,795	$ 4,317,084	$ 106,168

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, 2025

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	$ 6,007,893	$ 27,411,685	$ 1,588,218	$ 35,007,796	$ -
Receipts from interfund services	-	-	-	-	1,055,704
Payments to suppliers	(4,010,697)	(17,762,334)	(634,293)	(22,407,324)	(669,599)
Payments to employees	(1,938,461)	(2,517,037)	(855,478)	(5,310,976)	(288,770)
Net cash provided by (used for) by operating activities	$ 58,735	$ 7,132,314	$ 98,447	$ 7,289,496	$ 97,335
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	$ -	$ (5,566,277)	$ -	$ (5,566,277)	$ -
Transfers from other funds	188,490	-	-	188,490	-
Net cash provided by (used for) by noncapital financing activities	$ 188,490	$ (5,566,277)	$ -	$ (5,377,787)	$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of capital assets	$ (71,230)	$ (151,892)	$ -	$ (223,122)	$ -
Principal payments to Pulaski County PSA	-	-	(23,248)	(23,248)	-
Principal payments on bonds	(43,412)	(85,000)	-	(128,412)	-
Interest expense	-	(44,602)	(10,445)	(55,047)	-
Net cash provided by (used for) by capital and related financing activities	$ (114,642)	$ (281,494)	$ (33,693)	$ (429,829)	$ -
Net increase (decrease) in cash and cash equivalents	$ 132,583	$ 1,284,543	$ 64,754	$ 1,481,880	$ 97,335
Cash and cash equivalents - beginning	136,129	292,817	369,436	798,382	1,181
Cash and cash equivalents - ending	$ 268,712	$ 1,577,360	$ 434,190	$ 2,280,262	$ 98,516
Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:					
Operating income (loss)	$ (446,914)	$ 3,572,709	$ (74,962)	$ 3,050,833	$ 45,140
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	$ 532,547	$ 540,751	$ 65,393	$ 1,138,691	$ 6,075
(Increase) decrease in accounts receivable	(25,458)	(591,365)	2,972	(613,851)	(25)
(Increase) decrease in inventories	(25,489)	(61,575)	-	(87,064)	24,283
(Increase) decrease in prepaid items	2,819	1,745	3,332	7,896	5,046
(Increase) decrease in deferred outflows of resources	(56,694)	(48,281)	(58,542)	(163,517)	35,058
Increase (decrease) in customer deposits	3,670	9,282	-	12,952	-
Increase (decrease) in operating payables	41,746	3,787,776	122,474	3,951,996	(10,194)
Increase (decrease) in salaries and wages payable	(8,204)	(12,506)	581	(20,129)	(1,040)
Increase (decrease) in compensated absences	(30,462)	(80,473)	1,889	(109,046)	56
Increase (decrease) in net pension liability	(31,291)	(97,048)	(20,252)	(148,591)	(12,509)
Increase (decrease) in net OPEB liabilities	35,482	29,065	26,446	90,993	(10,616)
Increase (decrease) in deferred inflows of resources	66,983	82,234	29,116	178,333	16,061
Total adjustments	$ 505,649	$ 3,559,605	$ 173,409	$ 4,238,663	$ 52,195
Net cash provided by (used for) by operating activities	$ 58,735	$ 7,132,314	$ 98,447	$ 7,289,496	$ 97,335

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

City of Radford, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 40,407
Total assets	$ 40,407
FUND BALANCE	
Restricted	
Held for social services clients	$ 1,690
Held for employees	10,030
Held for Highlander Festival	28,687
Total fund balances	$ 40,407

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

Exhibit 11

City of Radford, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Funds
ADDITIONS	
Gifts and donations	$ 1,322
Payments from employees	54,841
Contribution from the City of Radford	9,000
Festival space revenue	7,125
Total additions	$ 72,288
DEDUCTIONS	
Special welfare payments	$ 2,686
Payments for employees	56,850
Festival expenses	21,820
Total deductions	$ 81,356
Net increase (decrease) in fiduciary net position	$ (9,068)
Total net position, beginning of year	49,475
Total net position, end of year	$ 40,407

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

Note 1-Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity

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

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

Jointly Governed Organizations – The City jointly governs the Pepper's Ferry Regional Wastewater Treatment Authority with the Board of Supervisors for the Counties of Pulaski and Montgomery and the Town Councils of the Towns of Dublin and Pulaski. The Authority was created to operate a wastewater equalization, pumping, treatment, and disposal system for its members. The City appoints two members to the Authority's board of directors. During the current fiscal year, the City paid $2,032,393 to the Pepper's Ferry Regional Wastewater Treatment Authority.

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

A. Financial Reporting Entity (Continued)

The City is also a member of the New River Resource Authority, which it jointly governs with the County of Pulaski, the Town of Pulaski, the Town of Dublin, and Counties of Montgomery and Giles. The City appoints two members to the Authority's seven-member board of directors. The City paid $161,250 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 $1,006,866 to the New River Regional Jail Authority for incarceration services.

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide, proprietary, and fiduciary fund 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. 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 when they have been earned and 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 principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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

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

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

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 *transit fund* accounts for and reports financial resources that are restricted to expenditure for the benefit of the City's transit system. This fund is considered a major special revenue fund.

The *grants fund* accounts for and reports financial resources that are committed to expenditure for the purpose of grants received by the City. This fund is considered a major special revenue fund.

The *highway maintenance fund* accounts for and reports financial resources that are committed to expenditure for the purpose of constructing and maintaining the City's streets. This fund is considered a major special revenue fund.

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

The 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*.

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

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

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

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

Additionally, the government reports the following fund types:

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. Custodial funds include the Social Services, Highlander Festival, and Cafeteria Plan Fund.

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

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

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

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

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

1. Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At year end, investments totaling $17,114 are reported as cash and cash equivalents in the accompanying financial statements.

2. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

3. Receivables and payables

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

4. Property Taxes

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

5. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately $2,229,883 at June 30, 2025. The allowance consists of delinquent taxes in the amount of $171,211, delinquent ambulance bills of $376,944, delinquent utility tax bills of $14,019, delinquent parking tickets of $91,473, delinquent water and sewer bills of $145,778, delinquent solid waste fees of $42,057, delinquent electric bills of $714,413, and other miscellaneous amounts of $673,988.

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

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

6. Use of Estimates

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

7. Capital assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives (or life of the associated contract for lease assets):

Assets	Years
Buildings	40
Building improvements	40
Structures, lines, and accessories	20-40
Machinery and equipment	4-30
Infrastructure	30-40
Lease land	5-9
Lease buildings	5-11
Lease machinery and equipment	3-5

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes, ambulance billings, and opioid settlement receivables are reported in the governmental funds balance sheet. These amounts are comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th; amounts prepaid on the 2nd half installments and uncollected ambulance billings and opioid settlements due prior to June 30. Under the modified accrual basis of accounting, these amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

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

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

9. Compensated Absences

A liability for compensated absences for leave time has been recognized that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – vacation/personal, sick, and compensatory leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. The County accrues salary-related payments associated with the payment of annual, compensatory, holiday, and sick. The Social Services department accrues salary-related payments associated with the payment of vacation and sick.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Retirement Plan and the additions to/deductions from the City's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and LODA OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Long-term obligations

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

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

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

12. Long-term obligations

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

13. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

14. Net Position Flow Assumption

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

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

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

15. 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.

16. Fund balance

In governmental fun types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The City’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance – amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance – amounts that can be used only for the specific purposes determined by the adoption of an resolution committing fund balance for a specified purpose by the City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;
- Assigned fund balance – amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

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

16. Fund balance (Continued)

The City establishes (and modifies or rescinds) fund balance commitments by passage of an resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, 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).

17. Leases

The City leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessor
The City recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives). Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Lessee
The City recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of $5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Subsequently, the lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Key Estimates and Judgments
Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

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

17. Leases (Continued)

- The City uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The City monitors changes in circumstances that would require a remeasurement or modification of its leases. The City will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

Note 2-Stewardship, Compliance, and Accountability:

A. Budgetary information

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

By April 1, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All of the City's funds, excluding fiduciary funds, have legally adopted budgets.

B. Public hearings are conducted to obtain citizen comments.

C. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

1. The Appropriations Resolution places legal restrictions on expenditures at the fund level. Only City Council can revise appropriations for each fund. Within funds, the City Manager is authorized to transfer appropriated amounts

2. Formal budgetary integration is employed as a management control device during the year for the General Fund.

3. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

D. Appropriations lapse on June 30 for all City units.

Note 2-Stewardship, Compliance, and Accountability: (Continued)

E. Excess of expenditures over appropriations – For the year ended June 30, 2025, no expenditures exceeded appropriations.

F. Deficit fund balance – At June 30, 2025, there were no funds with a negative fund balance; however, the General Fund reported negative unassigned fund balance at year end.

G. Governmental Activities and Business-type Activities both reported negative unrestricted amounts (deficits) at year end.

Note 3-Deposits and Investments:

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

Investments
Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank , "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Interest Rate Risk

The City has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

Investment Maturities (in years)		
Investment Type	**Fair Value**	**1 Year**
Local Government Investment Pool	$ 17,114	$ 17,114
Totals	$ 17,114	$ 17,114

Note 3-Deposits and Investments: (Continued)

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, 2025 were rated by Standard & Poor's rating scale and the ratings are presented below.

City's Rated Debt Investments' Values

Rated Debt Investments	**Fair Quality Ratings**
	AAAm
Local Government Investment Pool	$ 17,114

External Investment Pools
The value of the positions in the external investment pools (Local Government Investment) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

Note 4-Due from Other Governmental Units:

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

	Primary Government
Commonwealth of Virginia:	
Local sales tax	$ 260,978
Local communication tax	77,263
Categorical aid-other	791,326
Non-categorical aid	43,467
Categorical aid-Virginia Public Assistance	66,025
Categorical aid-Comprehensive Services Act	288,594
Federal Government:	
Categorical aid-Virginia Public Assistance	89,759
Categorical aid-other	1,004,829
Total	$ 2,622,241

Note 5-Interfund Transfers and Balances:

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Fund	Transfers In	Transfers Out
Primary Government:		
General Fund	$ 5,209,172	$ 735,846
Transit Fund	382,654	-
Grants Fund	608,999	188,490
Capital Projects Fund	101,298	-
Water and Sewer Fund	188,490	-
Electric Fund	-	5,566,277
Total	$ 6,490,613	$ 6,490,613

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 one fund to other fund(s) to finance various programs accounted for in other funds in accordance with budgeting authorization.

Interfund balances at year end represent amounts that have been transferred between funds in a lending or borrowing capacity and are expected to be repaid by current administration. At June 30, 2025, there were no interfund balances.

Note 6-Component-Unit Contributions and Obligations:

Component unit contributions for the year ended June 30, 2025, consisted of the following:

Component Unit:	
School Board	$ 5,450,345
Economic Development Authority	199,550
Economic Development Authority (land)	251,227
Total	$ 5,901,122

At year end, there was an amount due to the Component Unit-EDA of $158,650 related to grant reimbursement.

Note 7-Long-Term Obligations:

Primary Government - Governmental Activities Indebtedness (including internal service fund):

The following is a summary of long-term obligation transactions of the City for the year ended June 30, 2025.

	Balance July 1, 2024, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct Borrowings and Placements:				
General Obligation Bonds	$ 27,114,870	$ 6,000,000	$ (3,017,106)	$ 30,097,764
Unamortized Premium	1,065,898	-	(258,893)	807,005
Financed Purchases	203,995	-	(65,446)	138,549
Lease liabilities	636,031	-	(125,720)	510,311
Compensated Absences*	1,502,190	-	(212,764)	1,289,426
Net OPEB Liabilities	3,264,494	3,136,725	(2,656,703)	3,744,516
Net Pension Liability	5,235,080	6,316,199	(6,777,807)	4,773,472
Total	$ 39,022,558	$ 15,452,924	$ (13,114,439)	$ 41,361,043

*The change in compensated absences liability is presented as a net change.

For governmental activities, net OPEB liabilities and net pension liability are generally liquidated in the General Fund.

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Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness (including internal service fund): (Continued)

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

Year Ending	Direct Borrowings and Placements		Lease Liabilities	
June 30,	Principal	Interest	Principal	Interest
2026	$ 1,160,346	$ 997,816	$ 102,824	$ 7,576
2027	1,362,357	1,017,312	105,966	5,765
2028	1,426,278	956,005	69,579	4,188
2029	1,491,332	891,205	63,290	3,191
2030	1,563,000	822,514	64,612	2,192
2031-2035	8,511,000	3,066,550	104,040	1,561
2036-2040	8,626,000	1,627,072	-	-
2041-2045	5,276,000	406,645	-	-
2046	820,000	10,453	-	-
Totals	$ 30,236,313	$ 9,795,572	$ 510,311	$ 24,473

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Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness (including internal service fund): (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Direct Borrowings and Placements:						
General Obligation Bonds:						
GO Bond - VPSA	4.6-5.1%	5/15/2008	2034	$ 8,120,000	$ 2,505,000	$ -
GO Bond - VPSA	3.6-5.35%	12/11/2008	2029	5,797,690	1,412,764	337,380
GO Bond - VRA	3.089-5.125%	5/13/2015	2041	5,875,000	195,000	195,000
GO Bond - VPSA	2.05-5.05%	11/10/2020	2046	14,510,000	13,175,000	410,000
GO Bond - Refunding	1.775-2.943%	8/4/2021	2043	7,240,000	6,810,000	150,000
GO Bond - Refunding	4.95%	6/24/2025	2041	6,000,000	6,000,000	-
Subtotal General Obligation Bonds					$ 30,097,764	$ 1,092,380
Add: Bond Premium	n/a	n/a	n/a	n/a	$ 7,860	$ 3,551
Bond Premium	n/a	n/a	n/a	n/a	2,495	2,494
Bond Premium	n/a	n/a	n/a	n/a	699,242	155,944
Bond Premium	n/a	n/a	n/a	n/a	27,089	9,298
Bond Premium	n/a	n/a	n/a	n/a	70,319	21,534
Total Bond Premium					$ 807,005	$ 192,821
Financed Purchases:						
Financed Purchase	3.85%	2/12/2018	2027	560,290	$ 138,549	$ 67,966
Total Financed Purchase					$ 138,549	$ 67,966
Total Direct Borrowings and Placements					$ 31,043,318	$ 1,353,167

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Note 7-Long-Term Obligations: (Continued)

Primary Government - Governmental Activities Indebtedness (including internal service fund): (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Lease Liabilities:						
Building	1.43%	7/1/2021	2032	$ 502,920	$ 337,499	$ 43,445
Copier	0.45%	9/1/2021	2027	8,138	1,915	1,640
Land	2.00%	11/1/2021	2030	126,000	74,285	13,669
Parking Lot	2.00%	9/1/2022	2028	217,160	96,612	44,070
Total Lease Liabilities					$ 510,311	$ 102,824
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 1,289,426	$ 746,816
Net OPEB Liabilities	n/a	n/a	n/a	n/a	3,744,516	-
Net Pension Liability	n/a	n/a	n/a	n/a	4,773,472	-
Total Long-term Obligations - Governmental Activities					$ 41,361,043	$ 2,202,807

The City's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the City's State aid is redirected to bond holders to cure any event(s) of default.

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Note 7-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Indebtedness:

The following is a summary of long-term debt transactions of the Enterprise Funds for the year ended June 30, 2025.

	Balance July 1, 2024, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2025
Direct Borrowings and Placements:				
Revenue Bonds	$ 508,428	$ -	$ (38,436)	$ 469,992
General Obligation Bonds	949,976	-	(89,976)	860,000
Unamortized Premium	162,284	-	(34,405)	127,879
Due to Pulaski County PSA	263,867	-	(23,248)	240,619
Compensated Absences*	440,107	-	(109,046)	331,061
Net OPEB Liabilities	352,727	294,175	(203,182)	443,720
Net Pension Liability	1,491,100	1,787,451	(1,936,042)	1,342,509
Total	$ 4,168,489	$ 2,081,626	$ (2,434,335)	$ 3,815,780

*The change in compensated absences liability is presented as a net change.

For business-type activities, net OPEB liabilities and net pension liability are generally liquidated in the same fund from which the respective employees are compensated.

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Note 7-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Indebtedness: (Continued)

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

Water and Sewer Fund

Year Ending June 30,	Direct Borrowings and Placements Principal	Direct Borrowings and Placements Interest
2026	$ 34,245	$ -
2027	30,052	-
2028	30,052	-
2029	30,052	-
2030	30,052	-
2031-2035	150,258	-
2036-2040	150,258	-
2041	15,023	-
Totals	$ 469,992	$ -

Electric Fund

Year Ending June 30,	Direct Borrowings and Placements Principal	Direct Borrowings and Placements Interest
2026	$ 90,000	$ 40,069
2027	95,000	35,328
2028	100,000	30,331
2029	105,000	25,078
2030	110,000	19,569
2031-2033	360,000	23,938
Totals	$ 860,000	$ 174,313

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Note 7-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Indebtedness: (Continued)

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

Solid Waste Fund		
Year Ending	Due to Pulaski County PSA	
June 30,	Principal	Interest
2026	$ 24,027	$ 9,209
2027	24,832	8,231
2028	25,664	7,220
2029	26,524	6,174
2030	27,413	5,094
2031-2034	112,159	8,854
Totals	$ 240,619	$ 44,782

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Note 7-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Water and Sewer Fund						
Direct Borrowings and Placements:						
Revenue Bonds:						
Revenue Bond-VRA	0.00%	9/29/2005	2026	$ 167,700	$ 4,193	$ 4,193
Revenue Bond-VRA	0.00%	1/1/2010	2041	901,546	465,799	30,052
Total Direct Borrowings and Placements					$ 469,992	$ 34,245
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 74,720	$ 44,637
Net OPEB Liabilities	n/a	n/a	n/a	n/a	164,479	-
Net Pension Liability	n/a	n/a	n/a	n/a	482,590	-
Total Other Obligations					$ 721,789	$ 44,637
Total Long-term Obligations-Water and Sewer Fund					$ 1,191,781	$ 78,882
Electric Fund						
Direct Borrowings and Placements:						
General Obligation Bonds:						
GO Bond	3.765-5.125%	8/4/2021	2033	1,190,000	$ 860,000	$ 90,000
Add: Bond Premium	n/a	n/a	n/a	n/a	127,879	30,595
Total Direct Borrowings and Placements					$ 987,879	$ 120,595
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	$ 223,214	$ 101,158
Net OPEB Liabilities	n/a	n/a	n/a	n/a	214,001	-
Net Pension Liability	n/a	n/a	n/a	n/a	662,740	-
Total Other Obligations					$ 1,099,955	$ 101,158
Total Long-term Obligations-Electric Fund					$ 2,087,834	$ 221,753

Note 7-Long-Term Obligations: (Continued)

Primary Government – Business-type Activities Indebtedness: (Continued)

Details of long-term indebtedness:

	Interest Rates	Issue Date	Final Maturity Date	Amount of Original Issue	Balance Business-type Activities	Amount Due Within One Year
Solid Waste Fund						
Other Obligations:						
Due to Pulaski County PSA	n/a	n/a	n/a	n/a	$ 240,619	$ 24,027
Compensated Absences	n/a	n/a	n/a	n/a	33,127	18,852
Net OPEB Liabilities	n/a	n/a	n/a	n/a	65,240	-
Net Pension Liability	n/a	n/a	n/a	n/a	197,179	-
Total Other Obligations					$ 536,165	$ 42,879
Total Long-term Obligations-Solid Waste Fund					$ 536,165	$ 42,879
Total Long-term Obligations - Business-type Activities					$ 3,815,780	$ 343,514

The City's revenue and general obligation bonds are subject to the state aid intercept program. Under terms of the program, the City's State aid is redirected to bond holders to cure any event(s) of default.

Note 8-Pension Plan:

Plan Description

All full-time, salaried permanent employees of the City are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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Note 8-Pension Plan: (Continued)

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) 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. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees 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. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

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Note 8-Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	205
Inactive members:	
Vested inactive members	55
Non-vested inactive members	95
Long term disability	1
Inactive members active elsewhere in VRS	119
Total inactive members	270
Active members	252
Total covered employees	727

Note 8-Pension Plan: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The City's contractually required employer contribution rate for the year ended June 30, 2025 was 13.59% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were $1,978,041 and $1,791,654 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled $39,081 for the City for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled $29,119 for the City, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $3,908,139 for the City for the year ended June 30, 2025.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The City's net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024.

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Note 8-Pension Plan: (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

Note 8-Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Note 8-Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates:

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Note 8-Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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Note 8-Pension Plan: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
MAPS - Multi-Asset Public Strategies	1.00%	8.00%	0.08%
PIP - Private Investment Partnership	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term return of rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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Note 8-Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	$ 70,711,053	$ 63,984,873	$ 6,726,180
Changes for the year:			
Service cost	$ 1,725,722	$ -	$ 1,725,722
Interest	4,768,229	-	4,768,229
Differences between expected and actual experience	1,531,646	-	1,531,646
Contributions - employer	-	1,791,654	(1,791,654)
Contributions - employee	-	693,804	(693,804)
Net investment income	-	6,189,631	(6,189,631)
Benefit payments	(3,592,682)	(3,592,682)	-
Administrative expenses	-	(40,591)	40,591
Other changes	-	1,298	(1,298)
Net changes	$ 4,432,915	$ 5,043,114	$ (610,199)
Balances at June 30, 2024	$ 75,143,968	$ 69,027,987	$ 6,115,981

Note 8-Pension Plan: (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's Net Pension Liability (Asset)	$ 15,639,819	$ 6,115,981	$ (1,742,618)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the City recognized pension expense of $1,234,667. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,421,798	$ 64,927
Change in assumptions	-	-
Change in proportionate shares	57,800	57,800
Net difference between projected and actual earnings on pension plan investments	-	1,785,977
Employer contributions subsequent to the measurement date	1,978,041	-
Total	$ 3,457,639	$ 1,908,704

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Note 8-Pension Plan: (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

$1,978,041 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2026	$ (760,127)
2027	1,028,571
2028	(315,679)
2029	(381,871)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http:www.varetire.org/Pdf/Publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 9-Other Postemployment Benefits-Health Insurance:

Plan Description

In addition to the pension benefits described in the previous note, the City administers a single-employer defined benefit healthcare plan, The Radford City OPEB Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the City's pension plans.

Benefits Provided

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 (prior to June 30, 2009) 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.

Note 9-Other Postemployment Benefits-Health Insurance: (Continued)

Plan Membership

At July 1, 2024 (valuation date), the following employees were covered by the benefit terms:

Total active employees	250
Total retirees	10
Total	260

Contributions

The City does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the City Council. The City made benefits payments of $77,595 the year ended June 30, 2025.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2024 and rolled forward to the measurement date of June 30, 2025.

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	5.20%

The mortality rates were calculated using the PUB-2010 headcount-weighted table projected generationally using projection scale MP-2021..

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

Discount Rate

The discount rate was based on the Bond Buyer's 20 Bond Index.

Note 9-Other Postemployment Benefits-Health Insurance: (Continued)

Changes in Total OPEB Liability

		Primary Government Total OPEB Liability
Balances at June 30, 2024	$	697,353
Changes for the year:		
Service cost		48,327
Interest		54,518
Benefit changes		852,096
Differences between expected and actual experience		(31,761)
Changes in assumptions and other inputs		(378,443)
Benefit payments		(77,595)
Net changes		467,142
Balances at June 30, 2025	$	1,164,495

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current discount rate:

Rate		
1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
$ 1,345,891	$ 1,164,495	$ 1,019,809

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Note 9-Other Postemployment Benefits-Health Insurance: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.50% decreasing to 4.00%) or one percentage point higher (8.50% decreasing to 6.00%) than the current healthcare cost trend rates:

Rates		
1% Decrease (6.50% decreasing to 4.00%)	**Healthcare Cost Trend (7.5% decreasing to 5.00%)**	**1% Increase (8.5% decreasing to 6.00%)**
$ 992,863	$ 1,164,495	$ 1,385,856

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2025, the City recognized OPEB expense in the amount of $932,496. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,437	$ 29,442
Change in assumptions	35,841	369,462
Total	$ 55,278	$ 398,904

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Note 9-Other Postemployment Benefits-Health Insurance: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense in future reporting periods as follows:

Year Ended June 30	
2026	$ (22,445)
2027	(32,557)
2028	(37,625)
2029	(36,851)
2030	(40,374)
Thereafter	(173,774)

Additional disclosures on changes in total OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of GLI Plan OPEB.

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Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

The specific information for GLI Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $9,532 as of June 30, 2025.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were $68,672 and $78,815 for the years ended June 30, 2025 and June 30, 2024, respectively.

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2025, the entity reported a liability of $634,290 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the participating employer's proportion was 0.05684% as compared to 0. 05841% at June 30, 2023.

For the year ended June 30, 2025 the participating employer recognized GLI OPEB expense of $23,921. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 100,042	$ 15,494
Net difference between projected and actual earnings on GLI OPEB plan investments	-	53,464
Change in assumptions	3,615	31,434
Changes in proportion	21,891	16,385
Employer contributions subsequent to the measurement date	68,672	-
Total	$ 194,220	$ 116,777

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Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

$68,672 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2026	$ (19,181)
2027	16,887
2028	128
2029	3,931
2030	7,006

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

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Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	$	4,196,055
Plan Fiduciary Net Position		3,080,133
GLI Net OPEB Liability (Asset)	$	1,115,922
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		73.41%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

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Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
MAPS - Multi-Asset Public Strategies	1.00%	8.00%	0.08%
PIP - Private Investment Partnership	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly the 45^{th} percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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Note 10-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's proportionate share of the GLI Plan Net OPEB Liability	$ 986,403	$ 634,290	$ 349,829

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	101
Inactive members:	
Vested inactive members	8
Inactive members active elsewhere in VRS	66
Total inactive members	175
Active members	201
Total covered employees	376

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The City's contractually required employer contribution rate for the year ended June 30, 2025 was 0.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City to the HIC Plan were $37,791 and $38,602 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

The City's net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees (Continued)

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
MAPS - Multi-Asset Public Strategies	1.00%	8.00%	0.08%
PIP - Private Investment Partnership	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	$ 544,745	$ 277,053	$ 267,692
Changes for the year:			
Service cost	$ 7,117	$ -	$ 7,117
Interest	35,981	-	35,981
Differences between expected and actual experience	(23,854)	-	(23,854)
Contributions - employer	-	38,602	(38,602)
Net investment income	-	26,234	(26,234)
Benefit payments	(37,611)	(37,611)	-
Administrative expenses	-	(359)	359
Other changes	-	(1)	1
Net changes	$ (18,367)	$ 26,865	$ (45,232)
Balances at June 30, 2024	$ 526,378	$ 303,918	$ 222,460

Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the City's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the City's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the City's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
City's Net HIC OPEB Liability	$ 275,873	$ 222,460	$ 177,039

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Plan OPEB

For the year ended June 30, 2025, the City recognized HIC Program OPEB expense of $21,734. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the City's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,403	$ 38,904
Net difference between projected and actual earnings on HIC OPEB plan investments	-	5,835
Change in assumptions	36,886	-
Employer contributions subsequent to the measurement date	37,791	-
Total	$ 76,080	$ 44,739

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Note 11-Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)

$37,791 reported as deferred outflows of resources related to the HIC OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2026	$ (5,544)
2027	2,775
2028	(619)
2029	(3,062)

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 12-Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

Note 12-Line of Duty Act (LODA) Program: (Continued)

Plan Description (Continued)

The specific information for LODA OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date (the benefit will be $75,000 for approved presumptive deaths occurring on or after January 1, 2025); or an additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2025 was $1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were $95,156 and $83,000 for the years ended June 30, 2025 and June 30, 2024, respectively.

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Note 12-Line of Duty Act (LODA) Program: (Continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2025, the entity reported a liability of $2,166,991 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the entity's proportion was 0.5506% as compared to 0.4868% at June 30, 2023.

For the year ended June 30, 2025, the entity recognized LODA OPEB expense of $360,268. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 75,398	529,331
Net difference between projected and actual earnings on LODA OPEB plan investments	-	7,163
Change in assumptions	399,464	436,442
Change in proportion	521,307	37,958
Employer contributions subsequent to the measurement date	95,156	-
Total	$ 1,091,325	$ 1,010,894

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Note 12-Line of Duty Act (LODA) Program: (Continued)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB: (Continued)

$95,156 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30	
2026	$ 50,653
2027	48,782
2028	37,505
2029	(12,715)
2030	(41,003)
Thereafter	(97,947)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.25%-4.25%
Ages 65 and older	6.50%-4.25%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
Investment rate of return	3.97%, including inflation*

Note 12-Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions (Continued)

*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return.

Mortality Rates – Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Note 12-Line of Duty Act (LODA) Program: (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	$ 398,395
Plan Fiduciary Net Position	4,841
LODA Net OPEB Liability (Asset)	$ 393,554
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%

The total LODA OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Note 12-Line of Duty Act (LODA) Program: (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current rate:

	Discount Rate		
	1% Decrease (2.97%)	Current (3.97%)	1% Increase (4.97%)
City's proportionate share of the total LODA Net OPEB Liability	$ 2,402,278	$ 2,166,991	$ 1,964,671

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Note 12-Line of Duty Act (LODA) Program: (Continued)

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.25% decreasing to 4.25%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.25% decreasing to 3.25%)	Current (7.25% decreasing to 4.25%)	1% Increase (8.25% decreasing to 5.25%)
City's proportionate share of the LODA Net OPEB Liability	$ 1,845,989	$ 2,166,991	$ 2,560,866

LODA OPEB Fiduciary Net Position

Detailed information about the Line of Duty Act Program Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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Note 13-Aggregate OPEB Information:

The following is a summary of deferred outflows, deferred inflows, net OPEB liabilities, and OPEB expense for the year ended June 30, 2025.

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Plan	$ 194,220	$ 116,777	$ 634,290	$ 23,921
City Health Insurance Credit Plan	76,080	44,739	222,460	21,734
Line of Duty Act Program	1,091,325	1,010,894	2,166,991	360,268
City Stand-Alone Plan	55,278	398,904	1,164,495	932,496
Totals	$ 1,416,903	$ 1,571,314	$ 4,188,236	$ 1,338,419

Note 14-Deferred/Unavailable Revenue:

Deferred/unavailable 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. Under the accrual basis, assessments for future periods are deferred.

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Deferred/Unavailable revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	$ -	$ 856,394
Tax assessments due after June 30	4,598,862	4,598,862
Prepaid property tax revenues representing collections received for property taxes that are applicable to the subsequent budget year	310,762	310,762
Subtotal	$ 4,909,624	$ 5,766,018
Ambulance billings	$ -	$ 127,181
Unavailable opioid settlement proceeds representing uncollected opioid settlement proceeds not available for the funding of current expenditures	-	444,168
Total deferred/unavailable revenue	$ 4,909,624	$ 6,337,367

Note 15-Unearned Revenue:

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling $95,229 is comprised of the following:

Unearned revenue:		
Unspent grant funds received during the prior and current fiscal year	$	70,229
Donation for the City's July 4th celebration received in advance of year end		25,000
Total unearned revenue	$	95,229

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Note 16-Capital Assets:

Capital asset activity for the year ended June 30, 2025 was as follows:

Primary Government: (including internal service fund)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 3,182,196	$ -	$ (311,227)	$ 2,870,969
Construction in progress	54,882	604,097	-	658,979
Total capital assets not being depreciated/amortized	$ 3,237,078	$ 604,097	$ (311,227)	$ 3,529,948
Capital assets, being depreciated/amortized:				
Leased land	$ 343,160	$ -	$ -	$ 343,160
Buildings and improvements	55,519,813	312,646	-	55,832,459
Leased buildings and improvements	598,043	-	(95,123)	502,920
Infrastructure	59,355,442	40,472	-	59,395,914
Machinery and equipment	19,461,855	47,249	-	19,509,104
Leased machinery and equipment	13,174	-	(5,036)	8,138
Total capital assets being depreciated/amortized	$ 135,291,487	$ 400,367	$ (100,159)	$ 135,591,695
Accumulated depreciation/amortization:				
Leased land	$ (116,758)	$ (57,428)	$ -	$ (174,186)
Buildings and improvements	(15,386,262)	(1,199,796)	-	(16,586,058)
Leased buildings and improvements	(208,451)	(69,462)	95,123	(182,790)
Infrastructure	(38,921,825)	(911,196)	-	(39,833,021)
Machinery and equipment	(13,794,721)	(982,828)	-	(14,777,549)
Leased machinery and equipment	(8,635)	(2,635)	5,036	(6,234)
Total accumulated depreciation/amortization	$ (68,436,652)	$ (3,223,345)	$ 100,159	$ (71,559,838)
Total capital assets being depreciated/amortized, net	$ 66,854,835	$ (2,822,978)	$ -	$ 64,031,857
Governmental activities capital assets, net	$ 70,091,913	$ (2,218,881)	$ (311,227)	$ 67,561,805

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Note 16-Capital Assets: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	$ 712,498	$ -	$ -	$ 712,498
Total capital assets not being depreciated	$ 712,498	$ -	$ -	$ 712,498
Capital assets, being depreciated:				
Buildings and structures	$ 870,272	$ -	$ -	$ 870,272
Plant and infrastructure	50,758,237	-	-	50,758,237
Machinery and equipment	6,679,870	223,122	-	6,902,992
Total capital assets being depreciated	$ 58,308,379	$ 223,122	$ -	$ 58,531,501
Accumulated depreciation:				
Buildings and structures	$ (378,743)	$ (41,448)	$ -	$ (420,191)
Plant and infrastructure	(42,199,146)	(858,888)	-	(43,058,034)
Machinery and equipment	(4,952,656)	(238,355)	-	(5,191,011)
Total accumulated depreciation	$ (47,530,545)	$ (1,138,691)	$ -	$ (48,669,236)
Total capital assets being depreciated, net	$ 10,777,834	$ (915,569)	$ -	$ 9,862,265
Business-type activities capital assets, net	$ 11,490,332	$ (915,569)	$ -	$ 10,574,763

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<u>Note 16-Capital Assets</u>: (Continued)

Primary Government: (Continued)

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

Governmental activities:	
General government administration	$ 211,680
Judicial administration	15,409
Public safety	535,925
Public works	1,045,980
Health and welfare	62,141
Education	598,835
Parks, recreation, and cultural	382,522
Community development	364,778
Internal service funds	6,075
Total depreciation/amortization expense-governmental activities	$ 3,223,345
Business type activities:	
Water and Sewer Fund	$ 532,547
Electric Fund	540,751
Solid Waste Fund	65,393
Total depreciation expense-business type activities	$ 1,138,691

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Note 17-Leases Receivable:

The following is a summary of leases receivable transactions of the City for the year ended June 30, 2025:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	$ 253,176	$ -	$ (108,194)	$ 144,982	$ 5,691

Lease revenue recognized during the fiscal year was $104,602.

Details of leases receivable:

Lease Description	Lease Origination Date*	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Infrastructure (Fiber)	8/1/2001	7/31/2026	Monthly	3.00%	$ 32,993	$ 30,411
Infrastructure (Fiber)	12/11/2001	12/10/2026	Monthly	3.00%	53,194	34,996
Infrastructure (Fiber)	11/1/2021	10/31/2026	Monthly	2.00%	18,930	14,151
Infrastructure (Fiber)	10/1/1997	9/30/2027	Monthly	3.00%	33,599	14,653
Infrastructure (Fiber)	11/3/2010	11/2/2025	Monthly	2.00%	6,266	6,266
Total					$ 144,982	$ 100,477

There are no variable payments for any of the lease receivables above

**Date shown is the original lease commencement date. GASB Statement No. 87 was implemented as of July 1, 2021.*

Note 18-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.

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Note 19-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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 20-Surety Bonds:

Primary Government:

Fidelity & Deposit Company of Maryland-Surety:	
Ann Howard, Clerk of Circuit Court	$ 190,000
Janet H. Jones, Treasurer	500,000
Cathy Flinchum, Commissioner of Revenue	3,000
Mark Armentrout, Sheriff	30,000

Note 21-Commitments and Contingencies:

The City had the following major construction projects outstanding at the end of the fiscal year:

Project	Contract Amount	Contract Amount Outstanding at June 30, 2025	Funding Source
Main Street Curb Ramp Improvements	$ 322,559	$ 226,120	State Funds
East Main Street Sidewalk Improvements	557,846	134,766	State Funds

Note 22-Tax Abatement Programs:

A tax abatement consists of "a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the government or the citizens of these governments."

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Note 22-Tax Abatement Programs: (Continued)

The City and Economic Development Authority entered into a performance agreement with Radford University Foundation Hotel Land, LLC in January 2023 under the Radford Economic Development Incentive (REDI) Program ("REDI Grant") in accordance with the *Code of Virginia, 1950 as amended*. The REDI program is intended to promote economic development and activity within the City. The agreement will continue for a term of ten years beginning January 1, 2023; provided, however, that the Owner's eligibility for the REDI Grant shall be subject to review each year (grant year is on a calendar year basis). Terms of the agreement require Radford University Foundation Hotel Land, LLC to: (a) timely pay the City all real property taxes owed; (b) purchase all of its electrical power used at the facility from the Radford Electric Department; (c) the facility remain subject to real property taxes, transient occupancy taxes, and meal taxes; (d) the land on which the facility is built or its interest in the facility shall not be transferred to Radford University; (e) the facility shall not change such that it is not longer a commercial hotel with conference, event venue, and restaurant services; and (f) the facility must not cease active business operations as a commercial hotel with conference, event venue, and restaurant services; provided, however that temporarily ceasing operations due to Force Majeure shall be permitted. Provided all requirements for the grant year are met, Radford University Foundation Hotel Land, LLC shall be eligible to receive a REDI Grant in the amount equivalent to 60% of the real property taxes assessed against the facility plus 20% of the combined meals and transient occupancy taxes remitted by the facility to the City up to a maximum total amount equivalent to 80% of the real property taxes assessed against the facility. A complete copy of the agreement is maintained at the City's and Authority's Offices.

During fiscal year 2025, the City Council did not appropriate funds for the REDI grant payment for grant year 2024. Instead, they agreed to extend the grant term by one year. Therefore, there were no real property, meals and transient occupancy taxes paid to Radford University Foundation Hotel Land, LLC under the REDI Grant for calendar year 2024. The maximum amount to be reimbursed to Radford University Foundation Hotel Land, LLC for the calendar year 2025 is $191,293, which is 80% of the real estate property taxes assessed against the facility. For the year ended June 30, 2025, no amount has been accrued under the grant as same is based on calendar year activity.

Note 23-Arbitrage Rebate Compliance:

As of June 30, 2025, 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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Note 24-Nonspendable, Restricted, and Committed Balances:

	General Fund	Transit Fund	Grants Fund	Highway Maintenance Fund	Capital Projects Fund	Totals
Governmental Activities:						
Restricted:						
Hazmat operations	$ 73,224	$ -	$ -	$ -	$ -	$ 73,224
Fire donations	88,828	-	-	-	-	88,828
Police department	436,112	-	-	-	-	436,112
Four for life program	14,882	-	-	-	-	14,882
Fire programs	816,883	-	-	-	-	816,883
Recreation donations	8,458	-	-	-	-	8,458
Library donations	253,140	-	-	-	-	253,140
Courthouse maintenance	30,440	-	-	-	-	30,440
Law library	28,547	-	-	-	-	28,547
Beautification donations	25	-	-	-	-	25
Courtroom security	96,343	-	-	-	-	96,343
Inmate booking	22,501	-	-	-	-	22,501
Opioid settlement	596,969	-	-	-	-	596,969
Transit operations	-	93,916	-	-	-	93,916
Highway maintenance	-	-	-	3,789,691	-	3,789,691
Total restricted balances	$ 2,466,352	$ 93,916	$ -	$ 3,789,691	$ -	$ 6,349,959
Fund Balances:						
Nonspendable:						
Prepaid items	$ 240,378	$ 648	$ 13,663	$ 15,391	$ -	$ 270,080
Total nonspendable balances	$ 240,378	$ 648	$ 13,663	$ 15,391	$ -	$ 270,080
Total restricted balances (above)	$ 2,466,352	$ 93,916	$ -	$ 3,789,691	$ -	$ 6,349,959
Remove: Nonspendable balances	-	(648)	-	(15,391)	-	(16,039)
Remove: Portion of the opioid settlement	(444,168)	-	-	-	-	(444,168)
Total restricted fund balance	$ 2,022,184	$ 93,268	$ -	$ 3,774,300	$ -	$ 5,889,752
Committed funds:						
Library fines/copier fees/donations	$ 154,641	$ -	$ -	$ -	$ -	$ 154,641
Project lifesaver	2,273	-	-	-	-	2,273
Volunteer service awards	100,005	-	-	-	-	100,005
DMV revenues	242,909	-	-	-	-	242,909
Capital projects	-	-	-	-	82,108	82,108
Grants fund	-	-	557,916	-	-	557,916
Total committed balances	$ 499,828	$ -	$ 557,916	$ -	$ 82,108	$ 1,139,852

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Note 25-Litigation:

As of August 26, 2025, the City is involved in litigation with the County of Pulaski, Virginia regarding a revenue-sharing agreement. The revenue-sharing agreement required an annual payment of approximately $200,000 from the County of Pulaski, Virginia to the City. PC ceased making payments under the agreement and the City has filed a claim against PC for breach. The City plans to pursue enforcement of the agreement vigorously; however, at this point the financial impact cannot be reasonably estimated. Accordingly, the financial statements have not been adjusted for any potential outcome of this litigation.

Note 26-Adoption of Accounting Principle:

During the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. The objective of Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The change in accounting principle resulted in the following restatement of net position. In addition, the change in account principle resulted in restatement of fund balance to remove a portion of compensated absences that had been reported in fund basis statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Primary Government
Net position, as reported, June 30, 2024	$ 34,944,530	$ 6,855,499	$ 41,800,029
Restatement for GASB 101 implementation	(474,329)	(192,696)	(667,025)
Net position, as restated, June 30, 2024	$ 34,470,201	$ 6,662,803	$ 41,133,004

	Proprietary Funds				
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	Internal Service Fund
Net position, as reported, June 30, 2024	$ 6,902,768	$ (433,371)	$ 386,102	$6,855,499	$62,214
Restatement for GASB 101 implementation	(27,004)	(157,845)	(7,847)	(192,696)	(1,186)
Net position, as restated, June 30, 2024	$ 6,875,764	$ (591,216)	$ 378,255	$6,662,803	$61,028

	Governmental Funds			
	General	Transit	Grants	Highway Maintenance
Fund balance, as reported, June 30, 2024	$ (1,936,204)	$ 55,527	$ -	$2,503,164
Restatement for GASB 101 implementation	167,662	796	1,959	12,591
Fund balance, as restated, June 30, 2024	$ (1,768,542)	$ 56,323	$ 1,959	$2,515,755

Note 27-Upcoming Pronouncements:

Statements No. 103, *Financial Reporting Model Improvements,* improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Note 27-Upcoming Pronouncements: (Continued)

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, effective for fiscal years beginning after June 15, 2025.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

Exhibit 12

City of Radford, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
General property taxes	$ 12,288,567	$ 11,631,608	$ 11,544,995	$ (86,613)
Other local taxes	6,850,601	5,383,617	5,379,310	(4,307)
Permits, privilege fees, and regulatory licenses	154,959	50,118	50,118	-
Fines and forfeitures	214,265	101,374	101,374	-
Revenue from the use of money and property	218,873	208,938	208,938	-
Charges for services	1,129,262	865,878	865,878	-
Miscellaneous	1,780,431	2,071,420	1,923,130	(148,290)
Recovered costs	-	10,813	10,813	-
Intergovernmental	8,874,403	6,880,151	6,892,651	12,500
Total revenues	$ 31,511,361	$ 27,203,917	$ 26,977,207	$ (226,710)
EXPENDITURES				
Current:				
General government administration	$ 4,108,477	$ 3,868,876	$ 3,868,876	$ -
Judicial administration	1,887,487	2,061,344	2,061,344	-
Public safety	10,641,644	10,466,538	10,466,538	-
Public works	1,273,657	1,155,028	1,154,120	908
Health and welfare	4,159,178	4,051,372	4,051,372	-
Education	6,117,754	6,092,754	5,483,571	609,183
Parks, recreation, and cultural	2,691,416	3,079,090	2,840,604	238,486
Community development	620,052	540,065	540,065	-
Capital projects	10,000	60,656	60,656	-
Debt service:				
Principal retirement	1,448,943	1,451,369	1,588,272	(136,903)
Interest and other fiscal charges	1,035,956	1,204,955	1,068,052	136,903
Bond issuance costs	320,000	174,494	174,494	-
Total expenditures	$ 34,314,564	$ 34,206,541	$ 33,357,964	$ 848,577
Excess (deficiency) of revenues over (under) expenditures	$ (2,803,203)	$ (7,002,624)	$ (6,380,757)	$ 621,867
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 3,900,000	$ 3,900,000	$ 5,209,172	$ 1,309,172
Transfers out	(1,096,797)	(735,846)	(735,846)	-
Proceeds of refunding bonds	-	4,918,959	6,000,000	1,081,041
Payment to refunded bond escrow agent	-	(1,080,489)	(1,679,517)	(599,028)
Total other financing sources (uses)	$ 2,803,203	$ 7,002,624	$ 8,793,809	$ 1,791,185
Net change in fund balances	$ -	$ -	$ 2,413,052	$ 2,413,052
Fund balances - beginning, as previously reported	$ -	$ -	$ (1,936,204)	$ (1,936,204)
Restatement			167,662	167,662
Fund balances - beginning, as restated	$ -	$ -	$ (1,768,542)	$ (1,768,542)
Fund balances - ending	$ -	$ -	$ 644,510	$ 644,510

Note: GAAP serves as the budgetary basis of accounting

City of Radford, Virginia
Transit Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services	$ 10,000	$ 2,400	$ 2,400	$ -
Miscellaneous	584,823	608,722	561,425	(47,297)
Intergovernmental	1,989,891	1,983,592	1,917,634	(65,958)
Total revenues	$ 2,584,714	$ 2,594,714	$ 2,481,459	$ (113,255)
EXPENDITURES				
Current:				
Community development	$ 2,860,488	$ 3,033,767	$ 2,826,520	$ 207,247
Total expenditures	$ 2,860,488	$ 3,033,767	$ 2,826,520	$ 207,247
Excess (deficiency) of revenues over (under) expenditures	$ (275,774)	$ (439,053)	$ (345,061)	$ 93,992
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 265,774	$ 439,053	$ 382,654	$ (56,399)
Sale of capital assets	10,000	-	-	-
Total other financing sources (uses)	$ 275,774	$ 439,053	$ 382,654	$ (56,399)
Net change in fund balances	$ -	$ -	$ 37,593	$ 37,593
Fund balances - beginning, as previously reported	$ -	$ -	$ 55,527	$ 55,527
Restatement	-	-	796	796
Fund balances - beginning, as restated	$ -	$ -	$ 56,323	$ 56,323
Fund balances - ending	$ -	$ -	$ 93,916	$ 93,916

Note: GAAP serves as the budgetary basis of accounting

Exhibit 14

City of Radford, Virginia
Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Grants Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Miscellaneous	$ -	$ 12,383	$ 7,908	$ (4,475)
Intergovernmental	-	6,046,306	2,083,242	(3,963,064)
Total revenues	$ -	$ 6,058,689	$ 2,091,150	$ (3,967,539)
EXPENDITURES				
Current:				
General government administration	$ -	$ 13,615	$ 13,615	$ -
Public safety	-	1,634,281	1,475,885	158,396
Public works	-	11,033	11,033	-
Health and welfare	-	6,383	600	5,783
Community development	-	3,917,480	216,636	3,700,844
Capital projects	-	520,919	224,270	296,649
Total expenditures	$ -	$ 6,103,711	$ 1,942,039	$ 4,161,672
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (45,022)	$ 149,111	$ 194,133
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 45,022	$ 608,999	$ 563,977
Transfers out	-	-	(188,490)	(188,490)
Total other financing sources (uses)	$ -	$ 45,022	$ 420,509	$ 375,487
Net change in fund balances	$ -	$ -	$ 569,620	$ 569,620
Fund balances - beginning, as previously reported	$ -	$ -	$ -	-
Restatement	-	-	1,959	1,959
Fund balances - beginning, as restated	$ -	$ -	$ 1,959	$ 1,959
Fund balances - ending	$ -	$ -	$ 571,579	$ 571,579

Exhibit 15

City of Radford, Virginia
Highway Maintenance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Highway Maintenance Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 2,859	$ -	$ -	$ -
Charges for services	26,500	20,203	20,203	-
Intergovernmental	2,800,000	2,974,948	3,094,292	119,344
Total revenues	$ 2,829,359	$ 2,995,151	$ 3,114,495	$ 119,344
EXPENDITURES				
Current:				
Public works	$ 1,749,159	$ 1,990,901	$ 1,764,303	$ 226,598
Capital projects	653,000	756,102	76,256	679,846
Total expenditures	$ 2,402,159	$ 2,747,003	$ 1,840,559	$ 906,444
Excess (deficiency) of revenues over (under) expenditures	$ 427,200	$ 248,148	$ 1,273,936	$ 1,025,788
OTHER FINANCING SOURCES (USES)				
Transfers out	$ (427,200)	$ (248,148)	$ -	$ 248,148
Total other financing sources (uses)	$ (427,200)	$ (248,148)	$ -	$ 248,148
Net change in fund balances	$ -	$ -	$ 1,273,936	$ 1,273,936
Fund balances - beginning, as previously reported	$ -	$ -	$ 2,503,164	2,503,164
Restatement	-	-	12,591	12,591
Fund balances - beginning, as restated	$ -	$ -	$ 2,515,755	$ 2,515,755
Fund balances - ending	$ -	$ -	$ 3,789,691	$ 3,789,691

Exhibit 16

City of Radford, Virginia
Schedule of Changes in Net Pension Liability and Related Ratios
Pension Plan
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 1,725,722	$ 1,650,782	$ 1,350,186	$ 1,333,539	$ 1,259,085	$ 1,149,164	$ 1,111,924	$ 1,140,820	$ 1,112,449	$ 1,082,227
Interest	4,768,229	4,515,221	4,385,584	4,066,720	3,826,770	3,709,097	3,551,884	3,491,733	3,369,524	3,259,677
Differences between expected and actual experience	1,531,646	1,109,537	(673,618)	(1,578,631)	1,228,990	(180,931)	310,563	(910,650)	(415,942)	(456,628)
Changes of assumptions	-	-	-	2,654,856	-	1,677,257	-	(262,692)	-	-
Benefit payments	(3,592,682)	(3,611,732)	(3,272,669)	(2,932,855)	(2,587,205)	(2,710,381)	(2,746,564)	(2,453,274)	(2,187,086)	(2,444,989)
Net change in total pension liability	$ 4,432,915	$ 3,663,808	$ 1,789,483	$ 3,543,629	$ 3,727,640	$ 3,644,206	$ 2,227,807	$ 1,005,937	$ 1,878,945	$ 1,440,287
Total pension liability - beginning	70,711,053	67,047,245	65,257,762	61,714,133	57,986,493	54,342,287	52,114,480	51,108,543	49,229,598	47,789,311
Total pension liability - ending (a)	$ 75,143,968	$ 70,711,053	$ 67,047,245	$ 65,257,762	$ 61,714,133	$ 57,986,493	$ 54,342,287	$ 52,114,480	$ 51,108,543	$ 49,229,598
Plan fiduciary net position										
Contributions - employer	$ 1,791,654	$ 1,694,397	$ 1,454,465	$ 1,376,084	$ 1,151,134	$ 1,071,431	$ 1,085,616	$ 1,071,626	$ 1,290,099	$ 1,273,773
Contributions - employee	693,804	655,966	602,642	571,114	558,382	509,906	495,989	491,663	489,552	501,462
Net investment income	6,189,631	3,940,509	(69,551)	13,620,869	952,066	3,165,741	3,372,254	5,045,500	718,623	1,841,013
Benefit payments	(3,592,682)	(3,611,732)	(3,272,669)	(2,932,855)	(2,587,205)	(2,710,381)	(2,746,564)	(2,453,274)	(2,187,086)	(2,444,989)
Administrative charges	(40,591)	(39,404)	(38,935)	(33,895)	(32,468)	(31,870)	(29,491)	(29,413)	(25,675)	(25,469)
Other	1,298	1,584	1,441	1,286	(1,129)	(1,997)	(2,980)	(4,480)	(305)	(386)
Net change in plan fiduciary net position	$ 5,043,114	$ 2,641,320	$ (1,322,607)	$ 12,602,603	$ 40,780	$ 2,002,830	$ 2,174,824	$ 4,121,622	$ 285,208	$ 1,145,404
Plan fiduciary net position - beginning	63,984,873	61,343,553	62,666,160	50,063,557	50,022,777	48,019,947	45,845,123	41,723,501	41,438,293	40,292,889
Plan fiduciary net position - ending (b)	$ 69,027,987	$ 63,984,873	$ 61,343,553	$ 62,666,160	$ 50,063,557	$ 50,022,777	$ 48,019,947	$ 45,845,123	$ 41,723,501	$ 41,438,293
Political subdivision's net pension liability - ending (a) - (b)	$ 6,115,981	$ 6,726,180	$ 5,703,692	$ 2,591,602	$ 11,650,576	$ 7,963,716	$ 6,322,340	$ 6,269,357	$ 9,385,042	$ 7,791,305
Plan fiduciary net position as a percentage of the total pension liability	91.86%	90.49%	91.49%	96.03%	81.12%	86.27%	88.37%	87.97%	81.64%	84.17%
Covered payroll	$ 14,595,323	$ 13,758,100	$ 12,688,942	$ 11,908,911	$ 11,410,893	$ 10,528,044	$ 10,152,490	$ 9,977,378	$ 9,926,444	$ 9,743,411
Political subdivision's net pension liability as a percentage of covered payroll	41.90%	48.89%	44.95%	21.76%	102.10%	75.64%	62.27%	62.84%	94.55%	79.96%

Exhibit 17

City of Radford, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)*	Contributions in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	$ 1,978,041	$ 1,978,041	$ -	$ 14,555,121	13.59%
2024	1,791,654	1,791,654	-	14,595,323	12.28%
2023	1,694,397	1,694,397	-	13,758,100	12.32%
2022	1,454,465	1,454,465	-	12,688,942	11.46%
2021	1,376,084	1,376,084	-	11,908,911	11.56%
2020	1,151,134	1,151,134	-	11,410,893	10.09%
2019	1,071,431	1,071,431	-	10,528,044	10.18%
2018	1,085,616	1,085,616	-	10,152,490	10.69%
2017	1,071,626	1,071,626	-	9,977,378	10.74%
2016	1,290,099	1,290,099	-	9,926,444	13.00%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Exhibit 19

City of Radford, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Health Insurance
For the Measurement Dates of June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 48,327	$ 16,596	$ 16,558	$ 21,283	$ 20,566	$ 15,182	$ 10,686	$ 8,045
Interest	54,518	26,692	27,791	13,661	14,773	21,523	31,252	34,981
Benefit changes	852,096	-	206,775	-	-	-	-	-
Differences between expected and actual experience	(31,761)	-	35,412	-	(1,512)	-	(2,691)	34,835
Changes in assumptions and other inputs	(378,443)	(11,139)	8,059	(52,748)	52,025	43,072	61,506	40,431
Benefit payments	(77,595)	(98,119)	(88,927)	(71,100)	(77,051)	(82,853)	(69,889)	-
Net change in total OPEB liability	$ 467,142	$ (65,970)	$ 205,668	$ (88,904)	$ 8,801	$ (3,076)	$ 30,864	$ 118,292
Total OPEB liability - beginning	697,353	763,323	557,655	646,559	637,758	640,834	609,970	491,678
Total OPEB liability - ending	$ 1,164,495	$ 697,353	$ 763,323	$ 557,655	$ 646,559	$ 637,758	$ 640,834	$ 609,970
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
City's total OPEB liability (asset) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Exhibit 20

City of Radford, Virginia
Notes to Required Supplementary Information
Health Insurance
For the Year Ended June 30, 2025

Valuation Date: 7/1/2024
Measurement Date: 6/30/2025

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	5.20%
Inflation	2.50%
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.50% in 2025, grading down 0.50% per annum to an ultimate rate of 5.00% in years 2030 or later.
Salary Increase Rates	2.50%
Retirement Age	The average age at retirement is 65
Mortality Rates	The mortality rates were calculated using the PUB-2010 headcount-weighted table projected generationally using projection scale MP-2021.

City of Radford, Virginia
Schedule of City's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2024	0.05684%	$ 634,290	$ 14,595,323	4.35%	73.41%
2023	0.05841%	700,519	13,758,100	5.09%	69.30%
2022	0.05833%	702,349	12,688,942	5.54%	67.21%
2021	0.05770%	671,668	11,908,911	5.64%	67.45%
2020	0.05534%	923,534	11,410,893	8.09%	52.64%
2019	0.05371%	874,005	10,528,044	8.30%	52.00%
2018	0.05339%	811,000	10,152,490	7.99%	51.22%
2017	0.05424%	816,000	9,977,378	8.18%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

City of Radford, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	$ 68,672	$ 68,672	$ -	$ 14,611,131	0.47%
2024	78,815	78,815	-	14,595,323	0.54%
2023	74,294	74,294	-	13,758,100	0.54%
2022	68,520	68,520	-	12,688,942	0.54%
2021	64,319	64,319	-	11,908,911	0.54%
2020	59,222	59,222	-	11,410,893	0.52%
2019	54,748	54,748	-	10,528,044	0.52%
2018	52,746	52,746	-	10,152,490	0.52%
2017	52,022	52,022	-	9,977,378	0.52%
2016	47,731	47,731	-	9,926,444	0.48%

City of Radford, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2025

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

City of Radford, Virginia
Schedule of Changes in the City's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability								
Service cost	$ 7,117	$ 7,070	$ 8,486	$ 8,460	$ 8,356	$ 8,047	$ 7,000	$ 8,000
Interest	35,981	35,408	32,806	32,279	32,487	32,809	33,000	33,000
Differences between expected and actual experience	(23,854)	2,661	(25,272)	(14,821)	(5,801)	(2,990)	(7,000)	-
Changes of assumptions	-	-	60,834	11,471	-	11,232	-	(9,000)
Benefit payments	(37,611)	(35,761)	(38,024)	(38,116)	(38,122)	(34,904)	(39,000)	(29,000)
Other changes	-	-	-	-	-	150	(1,000)	-
Net change in total HIC OPEB liability	$ (18,367)	$ 9,378	$ 38,830	$ (727)	$ (3,080)	$ 14,344	$ (7,000)	$ 3,000
Total HIC OPEB Liability - beginning	544,745	535,367	496,537	497,264	500,344	486,000	493,000	490,000
Total HIC OPEB Liability - ending (a)	$ 526,378	$ 544,745	$ 535,367	$ 496,537	$ 497,264	$ 500,344	$ 486,000	$ 493,000
Plan fiduciary net position								
Contributions - employer	$ 38,602	$ 36,074	$ 32,975	$ 31,608	$ 29,925	$ 27,628	$ 24,000	$ 24,000
Net investment income	26,234	15,477	332	53,874	4,218	13,074	15,000	22,000
Benefit payments	(37,611)	(35,761)	(38,024)	(38,116)	(38,122)	(34,904)	(39,000)	(29,000)
Administrative charges	(359)	(366)	(442)	(627)	(397)	(285)	-	-
Other	(1)	496	9,224	-	(2)	194	(3,000)	1,000
Net change in plan fiduciary net position	$ 26,865	$ 15,920	$ 4,065	$ 46,739	$ (4,378)	$ 5,707	$ (3,000)	$ 18,000
Plan fiduciary net position - beginning	277,053	261,133	257,068	210,329	214,707	209,000	212,000	194,000
Plan fiduciary net position - ending (b)	$ 303,918	$ 277,053	$ 261,133	$ 257,068	$ 210,329	$ 214,707	$ 209,000	$ 212,000
City's net HIC OPEB liability - ending (a) - (b)	$ 222,460	$ 267,692	$ 274,234	$ 239,469	$ 286,935	$ 285,637	$ 277,000	$ 281,000
Plan fiduciary net position as a percentage of the total HIC OPEB liability	57.74%	50.86%	48.78%	51.77%	42.30%	42.91%	43.00%	43.00%
Covered payroll	$ 11,641,678	$ 10,912,176	$ 9,991,370	$ 9,574,767	$ 9,087,773	$ 8,371,558	$ 10,152,490	$ 9,977,378
City's net HIC OPEB liability as a percentage of covered payroll	1.91%	2.45%	2.74%	2.50%	3.16%	3.41%	2.73%	2.82%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

City of Radford, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2016 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	$ 37,791	$ 37,791	$ -	$ 11,451,672	0.33%
2024	38,602	38,602	-	11,641,678	0.33%
2023	36,074	36,074	-	10,912,176	0.33%
2022	32,975	32,975	-	9,991,370	0.33%
2021	31,608	31,608	-	9,574,767	0.33%
2020	29,925	29,925	-	9,087,773	0.33%
2019	27,628	27,628	-	8,371,558	0.33%
2018	24,384	24,384	-	10,152,490	0.24%
2017	24,001	24,001	-	9,977,378	0.24%
2016	25,013	25,013	-	9,926,444	0.25%

City of Radford, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2025

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 though June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

City of Radford, Virginia
Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through June 30, 2024

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered-Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2024	0.5506%	$ 2,166,991	$ 4,917,697	44.07%	1.22%
2023	0.4868%	1,951,657	4,984,261	39.16%	1.31%
2022	0.4984%	1,886,222	4,400,430	42.86%	1.87%
2021	0.4546%	2,004,660	4,141,216	48.41%	1.68%
2020	0.4532%	1,865,069	4,088,305	45.62%	1.02%
2019	0.4273%	1,532,950	3,848,220	39.84%	0.79%
2018	0.3383%	1,061,000	3,335,618	31.81%	1.30%
2017	0.3341%	877,000	2,935,412	29.88%	1.30%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Exhibit 28

City of Radford, Virginia
Schedule of Employer Contributions
Line of Duty Act Program (LODA)
For the Years Ended June 30, 2017 through June 30, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered-Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2025	$ 95,156	$ 95,156	$ -	$ 4,675,779	2.04%
2024	83,000	83,000	-	4,917,697	1.69%
2023	64,604	64,604	-	4,984,261	1.30%
2022	68,642	68,642	-	4,400,430	1.56%
2021	62,585	62,585	-	4,141,216	1.51%
2020	60,520	60,520	-	4,088,305	1.48%
2019	57,344	57,344	-	3,848,220	1.49%
2018	36,028	36,028	-	3,335,618	1.08%
2017	36,028	36,028	-	2,935,412	1.23%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Information is only available for years after FY 2017. However, additional years will be included as they become available.

City of Radford, Virginia
Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2025

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Other Supplementary Information

FIDUCIARY FUNDS – CUSTODIAL FUNDS

Custodial Funds – The City acts as an agent for the Social Service Fund of the City of Radford Social Services Department. The City also acts as the fiscal agent for the Highlander Festival organizers and Cafeteria Plan Fund.

Exhibit 30

City of Radford, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds			
	Social Services	Cafeteria Plan	Highlander Festival	Total
ASSETS				
Cash and cash equivalents	$ 1,690	$ 10,030	$ 28,687	$ 40,407
Total assets	$ 1,690	$ 10,030	$ 28,687	$ 40,407
FUND BALANCE				
Restricted				
Held for social services clients	$ 1,690	$ -	$ -	$ 1,690
Held for employees	-	10,030	-	10,030
Held for Highlander Festival	-	-	28,687	28,687
Total fund balances	$ 1,690	$ 10,030	$ 28,687	$ 40,407

Exhibit 31

City of Radford, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Funds			
	Social Services	Cafeteria Plan	Highlander Festival	Total
ADDITIONS				
Gifts and donations	$ 1,322	$ -	$ -	$ 1,322
Payments from employees	-	54,841	-	54,841
Contribution from the City of Radford	-	-	9,000	9,000
Festival space revenue	-	-	7,125	7,125
Total additions	$ 1,322	$ 54,841	$ 16,125	$ 72,288
DEDUCTIONS				
Special welfare payments	$ 2,686	$ -	$ -	$ 2,686
Payments for employees	-	56,850	-	56,850
Festival expenses	-	-	21,820	21,820
Total deductions	$ 2,686	$ 56,850	$ 21,820	$ 81,356
Net increase (decrease) in fiduciary net position	$ (1,364)	$ (2,009)	$ (5,695)	$ (9,068)
Total net position, beginning of year	3,054	12,039	34,382	49,475
Total net position, end of year	$ 1,690	$ 10,030	$ 28,687	$ 40,407

Statistical Information

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

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Governmental activities										
Net investment in capital assets	$ 40,811,990	$ 40,712,979	$ 40,752,440	$ 40,956,828	$ 39,537,395	$ 38,255,666	$ 39,426,735	$ 40,817,986	$ 41,071,119	$ 36,008,176
Restricted	1,245,006	1,175,718	2,173,853	2,541,279	2,177,568	2,480,752	2,451,025	3,615,042	4,818,167	6,349,959
Unrestricted	(1,298,848)	(4,586,851)	(3,566,963)	(3,108,516)	(4,470,720)	(8,068,719)	(5,834,997)	(6,553,780)	(10,944,756)	(8,290,971)
Total governmental activities net position	$ 40,758,148	$ 37,301,846	$ 39,359,330	$ 40,389,591	$ 37,244,243	$ 32,667,699	$ 36,042,763	$ 37,879,248	$ 34,944,530	$ 34,067,164
Business-type activities										
Net investment in capital assets	$ 14,443,893	$ 15,144,714	$ 14,210,111	$ 13,620,344	$ 12,739,637	$ 11,673,592	$ 11,155,025	$ 10,500,950	$ 9,869,644	$ 9,116,892
Unrestricted	8,519,237	4,896,260	4,711,108	5,133,838	3,971,137	5,450,972	4,447,276	714,240	(3,014,145)	(4,799,808)
Total business-type activities net position	$ 22,963,130	$ 20,040,974	$ 18,921,219	$ 18,754,182	$ 16,710,774	$ 17,124,564	$ 15,602,301	$ 11,215,190	$ 6,855,499	$ 4,317,084
Primary government										
Net investment in capital assets	$ 55,255,883	$ 55,857,693	$ 54,962,551	$ 54,577,172	$ 52,277,032	$ 49,929,258	$ 50,581,760	$ 51,318,936	$ 50,940,763	$ 45,125,068
Restricted	1,245,006	1,175,718	2,173,853	2,541,279	2,177,568	2,480,752	2,451,025	3,615,042	4,818,167	6,349,959
Unrestricted	7,220,389	309,409	1,144,145	2,025,322	(499,583)	(2,617,747)	(1,387,721)	(5,839,540)	(13,958,901)	(13,090,779)
Total primary government net position	$ 63,721,278	$ 57,342,820	$ 58,280,549	$ 59,143,773	$ 53,955,017	$ 49,792,263	$ 51,645,064	$ 49,094,438	$ 41,800,029	$ 38,384,248

Provisions of Statement No. 75 from the Governmental Accounting Standards Board (GASB) were implemented during the 2018 fiscal year. Financial information prior to the fiscal year ending June 30, 2017 has not been retroactively restated for provisions of this standard.

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during the 2022 fiscal year. Financial information prior to the fiscal year ending June 30, 2022 has not been retroactively restated for provisions of this standard.

Provisions of Statement No. 101 from the Governmental Accounting Standards Board (GASB) were implemented during the 2025 fiscal year. Financial information prior to the fiscal year ending June 30, 2025 has not been retroactively adjusted for this standard

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government administration	$ 2,763,220	$ 2,692,328	$ 2,647,063	$ 2,727,991	$ 3,222,986	$ 3,531,619	$ 3,052,636	$ 3,311,496	$ 3,604,189	$ 3,826,314
Judicial administration	1,256,369	1,211,262	1,216,152	1,235,776	1,350,882	1,419,933	1,439,910	1,548,662	1,702,891	2,071,342
Public safety	7,896,020	8,584,172	8,626,249	8,178,720	9,258,911	10,385,472	10,605,186	11,996,230	12,181,096	12,495,118
Public works	4,264,317	3,628,478	3,082,320	3,625,343	4,468,961	3,902,753	3,749,606	3,632,103	4,264,717	4,111,769
Health and welfare	3,498,727	3,202,932	2,842,801	3,218,783	3,862,806	4,757,503	3,940,776	4,245,568	3,941,307	4,075,969
Education	5,345,190	7,403,883	5,466,272	5,735,374	5,682,556	5,434,861	4,950,835	6,490,813	6,070,587	6,082,406
Parks, recreation and cultural	2,411,929	2,330,422	2,334,775	2,311,832	2,409,129	2,341,084	2,744,958	2,784,412	2,974,159	3,140,340
Community development	2,329,254	2,309,036	2,185,231	2,553,508	2,758,561	3,307,830	3,091,037	3,988,388	4,721,456	4,157,526
Interest on long-term debt	823,968	780,505	758,156	720,747	773,400	1,164,773	968,410	768,853	929,771	970,546
Total governmental activities expenses	$ 30,588,994	$ 32,143,018	$ 29,159,019	$ 30,308,074	$ 33,788,192	$ 36,245,828	$ 34,543,354	$ 38,766,525	$ 40,390,173	$ 40,931,330
Business-type activities:										
Water, sewer, electric, and solid waste	$ 22,941,584	$ 21,725,362	$ 22,112,927	$ 22,684,594	$ 23,641,182	$ 24,731,926	$ 24,587,625	$ 26,576,048	$ 29,126,358	$ 32,576,627
Total primary government expenses	$ 53,530,578	$ 53,868,380	$ 51,271,946	$ 52,992,668	$ 57,429,374	$ 60,977,754	$ 59,130,979	$ 65,342,573	$ 69,516,531	$ 73,507,957
Program Revenues										
Governmental activities:										
Charges for services:										
General government administration	$ 61,550	$ 69,606	$ 66,315	$ 75,131	$ 80,902	$ 93,375	$ 252,177	$ 97,316	$ 93,501	$ 72,155
Judicial administration	313,159	393,880	290,316	266,680	208,733	160,012	229,090	201,955	210,916	151,950
Public safety	555,428	560,718	655,164	858,275	574,259	603,009	695,272	681,679	641,006	757,935
Public works	58,691	28,085	31,364	34,131	25,513	23,534	26,509	19,122	18,659	23,275
Parks, recreation and cultural	129,520	127,738	114,596	142,681	81,690	30,510	88,481	101,582	162,158	84,413
Operating grants and contributions	8,541,086	7,949,058	7,998,248	9,622,809	9,258,531	12,131,040	15,357,764	16,158,391	12,927,204	12,480,096
Capital grants and contributions	1,075,000	114,604	972,759	-	112,137	212,585	-	196,066	-	618,848
Total governmental activities program revenues	$ 10,734,434	$ 9,243,689	$ 10,128,762	$ 10,999,707	$ 10,341,765	$ 13,254,065	$ 16,649,293	$ 17,456,111	$ 14,053,444	$ 14,188,672
Business-type activities:										
Charges for services:										
Water, sewer, electric, and solid waste	$ 26,110,291	$ 25,442,208	$ 26,273,112	$ 26,505,268	$ 25,604,149	$ 26,717,051	$ 26,502,250	$ 26,294,640	$ 28,370,724	$ 35,243,088
Total business-type activities program revenues	$ 26,110,291	$ 25,442,208	$ 26,273,112	$ 26,505,268	$ 25,604,149	$ 26,717,051	$ 26,502,250	$ 26,294,640	$ 28,370,724	$ 35,243,088
Total primary government program revenues	$ 36,844,725	$ 34,685,897	$ 36,401,874	$ 37,504,975	$ 35,945,914	$ 39,971,116	$ 43,151,543	$ 43,750,751	$ 42,424,168	$ 49,431,760
Net (expense) / revenue										
Governmental activities	$ (19,854,560)	$ (22,899,329)	$ (19,030,257)	$ (19,308,367)	$ (23,446,427)	$ (22,991,763)	$ (17,894,061)	$ (21,310,414)	$ (26,336,729)	$ (26,742,658)
Business-type activities	3,168,707	3,716,846	4,160,185	3,820,674	1,962,967	1,985,125	1,914,625	(281,408)	(755,634)	2,666,461
Total primary government net (expense)/revenue	$ (16,685,853)	$ (19,182,483)	$ (14,870,072)	$ (15,487,693)	$ (21,483,460)	$ (21,006,638)	$ (15,979,436)	$ (21,591,822)	$ (27,092,363)	$ (24,076,197)

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 7,596,817	$ 7,627,568	$ 7,901,961	$ 8,031,543	$ 8,619,689	$ 9,028,317	$ 9,571,431	$ 10,413,648	$ 10,582,740	$ 11,826,309
Local sales and use taxes	992,383	903,394	933,184	1,037,269	1,127,441	1,329,272	1,509,145	1,590,842	1,568,389	1,790,053
Restaurant food taxes	1,123,853	1,084,990	1,083,379	1,104,604	973,499	1,134,135	1,366,556	1,386,122	1,418,577	1,342,473
Motor vehicle taxes	199,940	194,901	201,778	202,397	196,764	202,035	200,104	15,026	191,439	206,171
Consumers' utility taxes	514,537	529,829	544,011	564,577	551,225	547,405	444,142	587,397	568,376	558,017
Business license taxes	486,544	448,825	465,341	442,934	457,875	461,847	598,325	643,549	625,378	591,191
Other local taxes	583,798	567,864	618,111	592,519	638,889	715,318	762,718	761,403	957,601	891,405
Unrestricted grants and contributions	1,448,580	1,433,206	1,439,290	1,362,267	1,351,266	1,261,125	1,239,196	1,235,124	1,216,771	1,227,339
Unrestricted revenues from use of money and property	159,060	182,003	197,990	227,707	201,109	174,384	31,397	35,237	4,913	3,034
Miscellaneous	2,918,986	2,605,400	2,374,540	2,488,792	2,150,556	1,987,801	1,934,959	1,929,107	2,293,031	2,525,842
Gain on disposal of capital assets	-	-	-	-	-	-	-	13,600	-	-
Transfers	3,670,732	5,873,076	5,328,156	4,079,599	4,083,717	1,573,580	3,611,152	4,535,844	3,974,796	5,377,787
Total governmental activities	$ 19,695,230	$ 21,451,056	$ 21,087,741	$ 20,134,208	$ 20,352,030	$ 18,415,219	$ 21,269,125	$ 23,146,899	$ 23,402,011	$ 26,339,621
Business-type activities:										
Unrestricted revenues from use of money and property (net of bank fees)	$ 8,803	$ 32,137	$ 48,216	$ 91,888	$ 65,272	$ 2,245	$ (9,621)	$ 93,485	$ -	$ -
Miscellaneous	-	-	-	-	-	-	183,885	336,656	355,861	365,607
Gain (Loss) on disposal of surplus	-	-	-	-	-	-	-	-	14,878	-
Gain (Loss) on disposal of capital assets	-	-	-	-	12,070	-	-	-	-	-
Transfers	(3,670,732)	(5,873,076)	(5,328,156)	(4,079,599)	(4,083,717)	(1,573,580)	(3,611,152)	(4,535,844)	(3,974,796)	(5,377,787)
Total business-type activities	$ (3,661,929)	$ (5,840,939)	$ (5,279,940)	$ (3,987,711)	$ (4,006,375)	$ (1,571,335)	$ (3,436,888)	$ (4,105,703)	$ (3,604,057)	$ (5,012,180)
Total primary government	$ 16,033,301	$ 15,610,117	$ 15,807,801	$ 16,146,497	$ 16,345,655	$ 16,843,884	$ 17,832,237	$ 19,041,196	$ 19,797,954	$ 21,327,441
Change in Net Position										
Governmental activities	$ (159,330)	$ (1,448,273)	$ 2,057,484	$ 825,841	$ (3,094,397)	$ (4,576,544)	$ 3,375,064	$ 1,836,485	$ (2,934,718)	$ (403,037)
Business-type activities	(493,222)	(2,124,093)	(1,119,755)	(167,037)	(2,043,408)	413,790	(1,522,263)	(4,387,111)	(4,359,691)	(2,345,719)
Total primary government	$ (652,552)	$ (3,572,366)	$ 937,729	$ 658,804	$ (5,137,805)	$ (4,162,754)	$ 1,852,801	$ (2,550,626)	$ (7,294,409)	$ (2,748,756)

Provisions of Statement No. 75 from the Governmental Accounting Standards Board (GASB) were implemented during the 2018 fiscal year. Financial information prior to the fiscal year ending June 30, 2018 has not been retroactively adjusted for this standard

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during the 2022 fiscal year. Financial information prior to the fiscal year ending June 30, 2022 has not been retroactively adjusted for this standard

Provisions of Statement No. 101 from the Governmental Accounting Standards Board (GASB) were implemented during the 2025 fiscal year. Financial information prior to the fiscal year ending June 30, 2025 has not been retroactively adjusted for this standard

Table 3

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Restaurant Food Taxes	Business License Tax	Other Local Taxes	Total
2025	$ 11,826,309	$ 1,790,053	$ 558,017	$ 206,171	$ 1,342,473	$ 591,191	$ 891,405	$ 17,205,619
2024	10,582,740	1,568,389	568,376	191,439	1,418,577	625,378	957,601	15,912,500
2023	10,413,648	1,590,842	587,397	-	1,386,122	643,549	761,403	15,382,961
2022	9,571,431	1,509,145	444,142	200,104	1,366,556	598,325	762,718	14,452,421
2021	9,028,317	1,329,272	547,405	202,035	1,134,135	461,847	715,318	13,418,329
2020	8,619,689	1,127,441	551,225	196,764	973,499	457,875	638,889	12,565,382
2019	8,031,543	1,037,269	564,577	202,397	1,104,604	442,934	592,519	11,975,843
2018	7,901,961	933,184	544,011	201,778	1,083,379	465,341	618,111	11,747,765
2017	7,627,568	903,394	529,829	194,901	1,084,990	448,825	567,864	11,357,371
2016	7,596,817	992,383	514,537	199,940	1,123,853	486,544	583,798	11,497,872

Table 4

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund										
Nonspendable	$ 231,701	$ 964,685	$ 194,463	$ 57,548	$ 50,977	$ 216,285	$ 1,280,282	$ 374,627	$ 312,551	$ 240,378
Restricted	1,039,845	788,098	887,576	975,051	1,011,212	8,290,966	1,139,961	1,428,119	1,848,687	2,022,184
Committed	3,449,211	1,440,369	1,073,680	1,597,723	1,838,370	415,787	427,721	410,268	448,397	499,828
Unassigned	942,659	1,343,002	2,992,813	2,504,752	1,043,651	88,460	107,184	82,242	(4,829,244)	(2,117,880)
Total general fund	$ 5,663,416	$ 4,536,154	$ 5,148,532	$ 5,135,074	$ 3,944,210	$ 9,011,498	$ 2,955,148	$ 2,295,256	$ (2,219,609)	$ 644,510
All other governmental funds										
Nonspendable	$ 18,753	$ 20,308	$ 16,361	$ -	$ -	$ 27,028	$ 32,167	$ 31,094	$ 38,515	$ 29,702
Restricted	205,161	387,620	1,286,277	1,566,228	1,166,536	1,234,827	1,278,897	1,943,504	2,537,401	3,867,568
Committed	306,879	-	-	-	-	-	-	93,285	350,959	640,024
Special revenue funds	(7,214)	-	-	(69,786)	-	-	-	(16,020)	-	-
Total all other governmental funds	$ 523,579	$ 407,928	$ 1,302,638	$ 1,496,442	$ 1,166,536	$ 1,261,855	$ 1,311,064	$ 2,051,863	$ 2,926,875	$ 4,537,294

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during the 2022 fiscal year. Financial information prior to the fiscal year ending June 30, 2022 has not been retroactively adjusted for this standard

Provisions of Statement No. 101 from the Governmental Accounting Standards Board (GASB) were implemented during the 2025 fiscal year. Financial information prior to the fiscal year ending June 30, 2025 has not been retroactively adjusted for this standard

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

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Revenues										
General property taxes	$ 7,745,589	$ 7,775,064	$ 7,774,833	$ 8,104,338	$ 8,461,229	$ 9,093,682	$ 9,614,552	$ 10,311,689	$ 10,444,845	$ 11,544,995
Other local taxes	3,901,055	3,729,803	3,845,804	3,944,300	3,945,693	4,390,012	4,880,990	4,984,339	5,329,760	5,379,310
Permits, privilege fees and regulatory licenses	43,518	58,531	50,882	52,366	77,650	88,871	122,475	87,237	76,157	50,118
Fines and forfeitures	266,488	344,637	243,025	219,074	174,885	133,220	193,727	159,582	163,868	101,374
Revenue from use of money and property	159,060	182,003	197,990	227,707	201,109	174,384	184,515	236,627	196,628	208,938
Charges for services	809,200	769,576	896,277	1,055,465	757,049	713,635	764,122	787,251	932,121	888,481
Miscellaneous	2,918,986	2,605,400	2,374,540	2,488,792	2,150,556	1,980,384	1,618,089	1,979,873	2,110,587	2,492,463
Recovered costs	7,980	2,940	7,259	22,575	2,100	7,417	37,759	489,442	29,366	10,813
Intergovernmental	9,989,666	9,496,868	10,410,297	10,985,076	10,721,934	13,524,750	16,596,960	17,589,581	14,143,975	14,326,283
Total revenues	$ 25,841,542	$ 24,964,822	$ 25,800,907	$ 27,099,693	$ 26,492,205	$ 30,106,355	$ 34,013,189	$ 36,625,621	$ 33,427,307	$ 35,002,775
Expenditures										
General government administration	$ 2,786,184	$ 2,549,927	$ 2,721,308	$ 2,789,604	$ 3,099,326	$ 3,358,368	$ 3,326,159	$ 3,853,498	$ 4,158,480	$ 3,882,491
Judicial administration	1,273,445	1,226,014	1,231,971	1,274,648	1,371,156	1,382,662	1,497,953	1,569,346	1,782,277	2,061,344
Public safety	7,902,035	8,660,671	8,847,602	8,241,847	8,596,564	9,890,824	10,602,382	11,997,166	11,807,291	11,942,423
Public works	3,492,302	2,926,064	2,294,538	2,874,242	3,419,179	3,263,992	3,499,948	3,004,852	3,156,701	2,929,456
Health and welfare	3,555,823	3,238,938	2,818,444	3,310,566	3,843,666	4,676,906	4,493,637	4,187,522	3,915,669	4,051,972
Education	5,066,836	7,125,529	5,187,918	5,457,020	6,282,926	12,502,814	12,203,829	6,082,892	5,470,111	5,483,571
Parks, recreation and cultural	2,294,846	2,062,158	2,072,955	2,044,692	2,098,339	2,089,532	2,559,710	2,662,636	2,722,837	2,840,604
Community development	2,279,730	2,229,106	3,003,865	3,417,410	2,178,750	2,762,000	3,516,247	3,633,676	4,592,864	3,583,221
Capital projects	56,877	307,996	-	-	247,878	86,241	120,237	1,763,176	703,652	803,615
Debt service:										
Principal retirement	996,579	1,009,592	1,170,256	965,093	855,042	885,728	1,382,689	1,497,413	1,556,284	1,588,272
Bond issuance cost	-	-	-	-	89,875	729,859	1,198,139	-	33,950	174,494
Interest and other fiscal charges	903,105	868,173	846,684	788,896	766,166	151,309	139,377	1,072,233	1,143,052	1,068,052
Total expenditures	$ 30,607,762	$ 32,204,168	$ 30,195,541	$ 31,164,018	$ 32,848,867	$ 41,780,235	$ 44,540,307	$ 41,324,410	$ 41,043,168	$ 40,409,515
Excess (deficiency) of revenues over (under) expenditures	$ (4,766,220)	$ (7,239,346)	$ (4,394,634)	$ (4,064,325)	$ (6,356,662)	$ (11,673,880)	$ (10,527,118)	$ (4,698,789)	$ (7,615,861)	$ (5,406,740)
Other financing sources (uses)										
Transfers in	$ 4,419,252	$ 6,369,557	$ 5,494,827	$ 4,265,908	$ 4,401,108	$ 4,386,531	$ 5,336,015	$ 4,548,936	$ 4,751,463	$ 6,302,123
Transfers out	(748,520)	(396,481)	(164,895)	(186,309)	(321,509)	(2,812,951)	(1,645,418)	-	(788,756)	(924,336)
Issuance of general obligation bonds	-	-	-	-	-	13,695,472	-	-	-	-
Issuance of bond anticipation note	-	-	-	-	807,064	-	-	-	-	-
Issuance of leases	-	-	-	-	-	-	637,058	217,160	-	-
Debt service - current refunding - principal	-	-	-	-	-	(1,467,970)	(7,307,976)	-	-	(1,679,517)
Refunded bonds issued	-	-	-	-	-	1,475,434	7,240,000	-	-	6,000,000
Premium on bonds issued	-	-	-	-	-	1,514,055	246,738	-	-	-
Capital leases	-	-	560,290	148,217	-	-	-	-	-	-
Sale of capital assets	85,000	21,648	11,500	16,855	-	46,096	13,560	13,600	13,301	-
Total other financing sources (uses)	$ 3,755,732	$ 5,994,724	$ 5,901,722	$ 4,244,671	$ 4,886,663	$ 16,836,667	$ 4,519,977	$ 4,779,696	$ 3,976,008	$ 9,698,270
Net change in fund balances	$ (1,010,488)	$ (1,244,622)	$ 1,507,088	$ 180,346	$ (1,469,999)	$ 5,162,787	$ (6,007,141)	$ 80,907	$ (3,639,853)	$ 4,291,530
Debt service as a percentage of noncapital expenditures	6.22%	5.89%	7.15%	6.03%	5.20%	3.16%	4.44%	6.72%	6.58%	6.57%

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during the 2022 fiscal year. Financial information prior to the fiscal year ending June 30, 2022 has not been retroactively adjusted for this standard

Provisions of Statement No. 101 from the Governmental Accounting Standards Board (GASB) were implemented during the 2025 fiscal year. Financial information prior to the fiscal year ending June 30, 2025 has not been retroactively adjusted for this standard

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 Taxes	Business License Tax	Other Local Taxes	Total	Percentage Change from Prior Year
2025	$ 11,544,995	$ 1,790,053	$ 558,017	$ 206,171	$ 1,342,473	$ 591,191	$ 891,405	16,924,305	7.29%
2024	10,444,845	1,568,389	568,376	191,439	1,418,577	625,378	957,601	15,774,605	3.13%
2023	10,311,689	1,590,842	587,397	15,026	1,386,122	643,549	761,403	15,296,028	5.52%
2022	9,614,552	1,509,145	444,142	200,104	1,366,556	598,325	762,718	14,495,542	7.50%
2021	9,093,682	1,329,272	547,405	202,035	1,134,135	461,847	715,318	13,483,694	8.68%
2020	8,461,229	1,127,441	551,225	196,764	973,499	457,875	638,889	12,406,922	2.97%
2019	8,104,338	1,037,269	564,577	202,397	1,104,604	442,934	592,519	12,048,638	3.68%
2018	7,774,833	933,184	544,011	201,778	1,083,379	465,341	618,111	11,620,637	1.01%
2017	7,775,064	903,394	529,829	194,901	1,084,990	448,825	567,864	11,504,867	-1.22%
2016	7,745,589	992,383	514,537	199,940	1,123,853	486,544	583,798	11,646,644	0.64%

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
2025	$ 1,202,076,550	$ 94,257,058	$ 444,066	$ 39,494,106	$ 36,772,260	$ 1,373,044,040	$ 1,373,044,040	100.00%
2024	1,053,526,950	94,971,364	388,904	40,988,205	20,486,575	1,210,361,998	1,210,361,998	100.00%
2023	896,913,800	103,487,056	388,904	40,604,831	26,957,505	1,068,352,096	1,068,352,096	100.00%
2022	880,661,600	71,671,743	392,554	38,345,628	25,249,147	1,016,320,672	1,016,320,672	100.00%
2021	883,254,150	65,361,084	392,554	32,092,089	27,222,511	1,008,322,388	1,008,322,388	100.00%
2020	854,663,600	65,374,065	448,753	27,989,058	25,302,652	973,778,128	973,778,128	100.00%
2019	818,248,370	61,007,699	496,685	28,114,839	24,138,449	932,006,042	932,006,042	100.00%
2018	814,039,590	60,677,222	414,795	28,852,780	31,090,075	935,074,462	935,074,462	100.00%
2017	811,013,940	59,689,263	416,055	26,797,155	25,670,591	923,587,004	923,587,004	100.00%
2016	801,830,240	56,690,538	445,667	33,252,807	24,074,163	916,293,415	916,293,415	100.00%

Source: Commissioner of Revenue

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

	Direct Rates			
Fiscal Years	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2025 (6)	$ 0.69-0.82	$ 2.44	$ 0.84	$ 1.76
2024 (5)	0.84-0.69	2.44	0.84	1.76
2023	0.84	2.44	0.84	1.76
2022	0.84	2.44	0.84	1.76
2021 (4)	0.78-0.84	2.44	0.78	1.76
2020 (3)	0.78-0.82	2.44	0.82	1.76
2019 (2)	0.76-0.82	2.44	0.76	1.76
2018	0.76	2.44	0.76	1.76
2017	0.76	2.44	0.76	1.76
2016	0.76	2.44	0.76	1.76

(1) Per $100 of assessed value
(2) In Fiscal Year 2019 the tax rate increased $0.06 between billing 2nd half of 2018 and 1st half of 2019.
(3) In Fiscal Year 2020 the tax rate increased $0.04 between billing 2nd half of 2019 and 1st half of 2020.
(4) In Fiscal Year 2021 the tax rate increased $0.04 between billing 2nd half of 2020 and 1st half of 2021.
(5) In Fiscal Year 2024 the tax rate decreased $0.15 between billing 2nd half of 2023 and 1st half of 2024.
(6) In Fiscal Year 2025 the tax rate increased $0.13 between billing 2nd half of 2024 and 1st half of 2025.

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: Amount (1)	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2025	$ 11,877,145	$ 11,361,404	95.66%	$ -	$ 11,361,404	95.66%
2024	10,681,185	10,348,869	96.89%	153,972	10,502,841	98.33%
2023	10,327,442	9,977,799	96.61%	148,164	10,125,963	98.05%
2022	9,551,954	9,405,440	98.47%	106,462	9,511,902	99.58%
2021	9,058,361	9,025,769	99.64%	164,785	9,190,554	101.46%
2020	9,157,469	8,909,630	97.29%	162,366	9,071,996	99.07%
2019	9,037,440	8,583,989	94.98%	161,089	8,745,078	96.76%
2018	8,359,097	8,173,887	97.78%	157,001	8,330,888	99.66%
2017	8,256,573	8,090,332	97.99%	162,361	8,252,693	99.95%
2016	8,257,887	8,105,351	98.15%	159,117	8,264,468	100.08%

Source: Commissioner of Revenue, City Treasurer's office
(1) Includes collections and assessments under the State's PPTRA program

CITY OF RADFORD, VIRGINIA
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures (1)
Last Ten Fiscal Years

Fiscal Year	Principal(2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2024-25	$ 1,588,272	$ 1,068,052	2,656,324	$ 40,409,515	6.57%
2023-24	1,556,284	1,143,052	2,699,336	41,043,168	6.58%
2022-23	1,497,413	1,072,233	2,569,646	41,324,410	6.22%
2021-22	1,382,689	1,198,139	2,580,828	44,540,307	5.79%
2020-21	885,728	151,309	1,037,037	41,780,235	2.48%
2019-20	855,042	766,166	1,621,208	32,848,867	4.94%
2018-19	965,093	788,896	1,753,989	31,164,018	5.63%
2017-18	1,170,256	846,684	2,016,940	30,195,541	6.68%
2016-17	1,009,592	868,173	1,877,765	32,204,168	5.83%
2015-16	996,579	903,105	1,899,684	30,607,762	6.21%

(1) Includes General Fund, Capital Projects Fund, and Special Revenue funds of the primary government
(2) Includes normally scheduled debt payments and does not include payoffs financed by refunding bonds.

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

	Governmental Activities			Business-Type Activities					
Fiscal Years	General Obligation Bonds*	Capital Leases/ Financed Purchases	Lease Liabilities	Revenue Bonds	General Obligation Bonds*	Capital Leases/ Financed Purchases	Due to Pulaski County PSA	Total Primary Government	Per Capita
2025	$ 30,097,764	$ 138,549	$ 510,311	$ 469,992	$ 860,000	$ -	$ 240,619	$ 32,317,235	$ 1,954
2024	27,114,870	203,995	636,031	508,428	949,976	-	263,867	29,677,167	1,847
2023	28,452,236	298,979	759,965	546,864	1,039,927	38,568	286,365	31,422,904	1,867
2022	29,730,370	390,382	670,681	585,299	1,124,879	75,676	301,435	32,878,722	1,993
2021	30,169,753	478,338	-	623,736	1,437,830	148,122	301,435	33,159,214	1,830
2020	17,267,905	562,978	-	662,173	1,545,780	286,568	340,059	20,665,463	1,127
2019	17,234,066	644,795	-	700,610	1,710,774	241,663	358,484	20,890,392	1,139
2018	18,135,447	560,290	-	739,046	2,015,930	339,325	369,277	22,159,315	1,267
2017	19,252,582	53,121	-	777,483	844,501	261,711	387,013	21,576,411	1,234
2016	20,210,733	104,562	-	815,918	1,377,396	325,376	404,102	23,238,087	1,416

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

*Excludes any unamortized discounts or premiums

Provisions of Statement No. 87 from the Governmental Accounting Standards Board (GASB) were implemented during the 2022 fiscal year. Financial information prior to the fiscal year ending June 30, 2022 has not been retroactively restated for provisions of this standard.

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

Fiscal Year	Gross Bonded Debt*	Less: Amounts Reserved for Debt Service	Net Bonded Debt (2)	Ratio of Net General Obligation Debt to Assessed Value (1)	Net Bonded Debt per Capita
2025	$ 30,957,764	$ -	$ 30,957,764	2.25%	1,872
2024	28,064,846	-	28,064,846	2.32%	1,746
2023	29,492,163	-	29,492,163	2.76%	1,752
2022	30,855,249	-	30,855,249	3.04%	1,870
2021	31,607,583	-	31,607,583	3.13%	1,744
2020	18,813,685	-	18,813,685	1.93%	1,026
2019	18,944,840	-	18,944,840	2.03%	1,033
2018	20,151,377	-	20,151,377	2.16%	1,153
2017	20,097,083	-	20,097,083	2.18%	1,150
2016	21,588,129	-	21,588,129	2.36%	1,316

(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/financed purchases, lease liabilities, compensated absences, and any unamortized discounts or premiums.

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	$ 80,183,024	$ 81,101,394	$ 81,403,959	$ 81,824,837	$ 85,466,360	$ 88,325,415	$ 88,066,160	$ 89,691,380	$ 105,352,695	$ 120,207,655
Total net debt applicable to limit	21,158,731	20,097,083	20,151,377	18,944,840	18,813,685	31,607,583	30,855,249	29,492,163	28,064,846	30,957,764
Legal debt margin	$ 59,024,293	$ 61,004,311	$ 61,252,582	$ 62,879,997	$ 66,652,675	$ 56,717,832	$ 57,210,911	$ 60,199,217	$ 77,287,849	$ 89,249,891
Total net debt applicable to the limit as a percentage of debt limit	26.39%	24.78%	24.75%	23.15%	22.01%	35.79%	35.04%	32.88%	26.64%	25.75%

Debt limit represents 10% of the total assessed value of real estate.

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

	Water and Sewer Revenue Bonds					
Fiscal Year	Water and Sewer Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2025	$ 6,029,681	$ 5,944,048	$ 85,633	$ 43,412	$ -	1.97
2024	5,668,244	5,607,477	60,767	48,387	-	1.26
2023	5,096,426	5,124,088	(27,662)	48,387	-	(0.57)
2022	5,185,787	4,908,301	277,486	48,388	-	5.73
2021	4,999,613	5,167,102	(167,489)	48,387	-	(3.46)
2020	4,863,737	4,764,463	99,274	88,903	241	1.11
2019	4,586,714	4,224,211	362,503	271,114	8,774	1.30
2018	4,815,433	3,840,542	974,891	576,405	18,056	1.64
2017	4,761,366	3,832,212	929,154	529,190	19,174	1.69
2016	5,264,994	4,156,105	1,108,889	620,967	27,747	1.71

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Radford, Virginia's basic financial statements and have issued our report thereon dated June 25, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

The City of Radford, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Radford, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Radford, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
June 25, 2026

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

CPAs | CONSULTANTS

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Radford, Virginia's compliance with the types of compliance requirements identified as subject to audit in the OMB 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, 2025. The City of Radford, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City of Radford, Virginia's basic financial statements include the operations of the Radford City School Board, which expended $2,340,907 in federal awards which is not included in the City of Radford, Virginia's schedule of expenditures of federal awards during the year ended June 30, 2025. Our audit, described below, did not include the operations of the Radford City School Board because the Radford City School Board issues a separate report.

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, 2025.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Radford, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Radford, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Radford, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Radford, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Radford, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Radford, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Radford, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Radford, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
June 25, 2026

City of Radford, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF AGRICULTURE:			
Pass Through Payments:			
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	10125/40125	$ 253,005
Virginia Department of Forestry:			
Cooperative Forestry Assistance	10.664	122376	12,500
Total Department of Agriculture			$ 265,505
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass Through Payments:			
Virginia Department of Social Services:			
Title IV-E Prevention Program	93.472	1140125	$ 4,338
Guardianship Assistance	93.090	1110125	203
Mary Lee Allen Promoting Safe and Stable Families Program	93.556	0950124/0980120	2,565
Temporary Assistance for Needy Families	93.558	0400125	138,871
Refugee and Entrant Assistance-State/Replacement Designee Administered Programs	93.566	0500125	463
Low-Income Home Energy Assistance	93.568	0600425	27,989
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900124	440
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760125	27,389
Adoption and Legal Guardianship Incentive Payments	93.603	1130123	3,389
Foster Care - Title IV-E	93.658	1100125	101,263
Adoption Assistance	93.659	1120125	328,198
Social Services Block Grant	93.667	1000125	139,713
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150124	1,620
Children's Health Insurance Program	93.767	0540125	2,774
Medicaid Cluster:			
Medical Assistance Program	93.778	1200125	217,850
Total Department of Health and Human Services			$ 997,065
DEPARTMENT OF HOMELAND SECURITY:			
Pass Through Payments:			
Virginia Department of Emergency Management:			
Disaster Grants - Public Assistance	97.036	126434	$ 75,426
Total Department of Homeland Security			$ 75,426
DEPARTMENT OF JUSTICE:			
Direct Payments:			
Public Safety Partnership and Community Policing Grants	16.710	Not applicable	$ 134,292
Pass Through Payments:			
Virginia Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	15POVC22GG00681ASSI/ 15POVC23GG00472ASSI	78,636
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA22GG00616MUMU/ 2020MUBX0035	51,766
Total Department of Justice			$ 264,694
DEPARTMENT OF TREASURY:			
Pass Through Payments:			
Virginia Department of Elections:			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	723012	$ 8,615
Total Department of the Treasury			$ 8,615

City of Radford, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number		Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Direct Payments:				
CDBG Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	Not applicable	$ 206,999	
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	Not applicable	6,217	$ 213,216
Total Department of Housing and Urban Development				$ 213,216
DEPARTMENT OF TRANSPORTATION				
Pass Through Payments:				
Virginia Department of Rail and Transportation:				
Federal Transit Cluster:				
Federal Transit Formula Grants	20.507	T5307-VA-2023-004-00	$ 210,996	
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	VA-2023-031-02	3,768	
Total Federal Transit Cluster				$ 214,764
Formula Grants for Rural Areas and Tribal Transit Program	20.509	VA-2024-040		1,094,906
Virginia Department of Transportation:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	BSC-2024-54132-24132/ BPT-2025-55024-25024		$ 11,195
Highway Planning and Construction	20.205	ENF_AL-2024-54129-24129/ ENF_AL-2025-55010-25010		390,466
Alcohol Open Container Requirements	20.607	ENF_AL-2024-54129-24129/ ENF_AL-2025-55010-25010		6,194
Total Department of Transportation				$ 1,717,525
ENVIRONMENTAL PROTECTION AGENCY:				
Pass Through Payments:				
Virginia Department of Transportation:				
Drinking Water State Revolving Fund	66.468	BIL-03L-22		$ 131,943
Total Environmental Protection Agency				$ 131,943
APPALACHIAN REGIONAL COMMISSION				
Direct Payments:				
Appalachian Area Development	23.002	Not applicable		$ 2,500
Total Appalachian Regional Commission				$ 2,500
Total Expenditures of Federal Awards				$ 3,676,489

City of Radford, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Notes to Schedule of Expenditures of Federal Awards

Note A-Basis of Presentation:
The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Radford, Virginia under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Radford, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Radford, Virginia.

Note B-Summary of Significant Accounting Policies
(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB's Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
(2) Pass-through entity identifying number are presented where available.
(3) The City did not elect the 15% de minimus indirect cost rate because they only request direct costs for reimbursement.

Note C-Subrecipients:
The City did not have any subrecipients for the year ended June 30, 2025.

Note D-Outstanding Balance of Federal Loans:
The City has not received any federal funding through loans.

Note E-Donated Personal Protective Equipment (from federal assistance):
The City has not received any donated personal protective equipment (from federal assistance).

Note F-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-Intergovernmental	$ 6,892,651
Less revenue from the Commonwealth	(5,552,155)
Transit Fund-Intergovernmental	1,917,634
Less revenue from the Commonwealth	(607,964)
Grants Fund-Intergovernmental	2,083,242
Less revenue from the Commonwealth	(1,447,385)
Highway Maintenance Fund-Intergovernmental	3,094,292
Less revenue from the Commonwealth	(3,042,290)
Capital Projects Fund-Intergovernmental	338,464
Total primary government	$ 3,676,489

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section, 200.516 (a)?	No

Identification of major programs:

Assistance Listing	Name of Federal Program or Cluster
10.561	SNAP Cluster
20.509	Formula Grants for Rural Areas and Tribal Transit Program
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

Finding 2025-001
(Material Weakness)

Criteria:	Identification of adjustments to the financial statements that were not detected by the entity's internal controls indicates that a significant deficiency or material weakness may exist.
Condition:	The City's financial statements required auditor proposed year end adjusting entries to ensure such statements complied with Generally Accepted Accounting Principles.
Cause:	The City has improved significantly and identified the majority of the accounting adjustments necessary during the closing process; however, there were a some auditor proposed adjustments necessary for the financial statements to be prepared in accordance with current reporting standards.
Effect:	There is a reasonable possibility that a misstatement of the entity's financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Recommendation:	The City should review the proposed adjustments and consider same when closing the books in the future.
Management's Response:	The City's current staff has a good understanding of the City's books and accounting processes. It is anticipated that the number of audit adjustments will decrease in future periods.

Finding 2025-002
(Material Weakness)

Criteria:	General and subsidiary ledgers should reconcile to one another.
Condition:	The City maintains accounting systems in the Treasurer's Office, the City Offices, and the School System that are not integrated. Accordingly, reconciliations between the systems are necessary to ensure the City's financial statements are correct. There were significant variances noted between the three systems during the audit and the auditor proposed adjustments to correct the books.
Cause:	A lack of system integration and a difficult reconciliation process.
Effect:	Adjusting entries were recommended after the books were closed.
Recommendation:	The City should integrate the Treasurer's Office and City Offices systems, as soon as practical.
Management's Response:	Management concurs with the recommendation and is working on integrating the systems.

Section III - Federal Award Findings and Questioned Costs

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

Finding 2024-001
(Material Weakness)

Condition:	The City's financial statements required year end adjusting entries to ensure such statements complied with Generally Accepted Accounting Principles.
Recommendation:	In the future, funds should be reviewed and adjusted as necessary to comply with current reporting standards.
Current Status:	Finding 2024-001 is recurring in the current fiscal year as finding 2025-001.