

# FINANCIAL STATEMENTS



*New River, Radford, Virginia*

## CITY OF RADFORD, VIRGINIA

FISCAL YEAR ENDED  
JUNE 30, 2015

CITY OF RADFORD, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

---

Prepared By:  
Department of Financial Services

CITY OF RADFORD, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

---

TABLE OF CONTENTS

---

**INTRODUCTORY SECTION**

---

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

---

**FINANCIAL SECTION**

---

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

	<u>Exhibit</u>	<u>Page</u>
<b>Basic Financial Statements:</b>		
<b>Government-Wide Financial Statements:</b>		
Statement of Net Position .....	1	21
Statement of Activities .....	2	22
<b>Fund Financial Statements:</b>		
Balance Sheet - Governmental Funds .....	3	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	4	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	5	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities ...	6	26
Statement of Net Position - Proprietary Funds.....	7	27
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds .....	8	28
Statement of Cash Flows - Proprietary Funds .....	9	29
Statement of Fiduciary Net Position - Fiduciary Funds .....	10	30
Notes to the Financial Statements .....		31-82

**Required Supplementary Information:**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
General Fund.....	11	83
Transit Fund.....	12	84
Schedule of Components of Changes in Net Pension Liability and Related Ratios	13	85
Schedule of Employer Contributions .....	14	86
Notes to Required Supplementary Information.....	15	87
Schedule of OPEB Funding Progress .....	16	88

CITY OF RADFORD, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2015

---

TABLE OF CONTENTS (CONTINUED)

	<u>Exhibit</u>	<u>Page</u>
<b>Other Supplementary Information:</b>		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		
Capital Projects Fund.....	17	89
Combining Balance Sheet - Nonmajor Governmental Funds.....	18	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds .....	19	91
Nonmajor Special Revenue Funds:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.....	20	92
Agency Funds:		
Combining Statement of Changes in Assets and Liabilities .....	21	93
	<u>Schedule</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Funds .....	1	94-98
Schedule of Expenditures - Budget and Actual - Governmental Funds .....	2	99-103
	<u>Table</u>	<u>Page</u>
<b>Statistical Information:</b>		
Net Position by Component.....	1	104
Changes in Net Position .....	2105-106	
Governmental Activities Tax Revenues By Source .....	3	107
Fund Balances of Governmental Funds .....	4	108
Changes in Fund Balances of Governmental Funds .....	5	109
General Governmental Tax Revenues by Source .....	6	110
Assessed Value and Estimated Actual Value of Taxable Property .....	7	111
Property Tax Rates.....	8	112
Property Tax Levies and Collections .....	9	113
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures .....	10	114
Ratios of Outstanding Debt by Type.....	11	115
Ratios of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	12	116
Legal Debt Margin Information .....	13	117
Pledged - Revenue Coverage .....	14	118

CITY OF RADFORD, VIRGINIA  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2015

---

TABLE OF CONTENTS (CONTINUED)

---

COMPLIANCE SECTION

---

	<u>Page</u>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ....	119-120
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 .....	121-122
Schedule of Expenditures of Federal Awards .....	123-124
Schedule of Findings and Questioned Costs.....	125

---

## INTRODUCTORY SECTION

---



January 25, 2016

**The Honorable Mayor and Members of City Council and the Citizens of Radford, VA**

The Comprehensive Annual Financial Report (CAFR) for the City of Radford for the fiscal year ended June 30, 2015 is hereby submitted. State statues require that the City of Radford issue annually a report on its financial position and activity and that this report be audited by an independent firm of certified public accountants. This report was prepared by the Department of Finance.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City of Radford. The data as presented is accurate in all material respects and is reported in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of the various funds and component units. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The CAFR is presented in four sections: Introductory, Financial, Other Supplementary Information, and Compliance. The Introductory Section, which is not audited, includes this letter of transmittal, a list of the City's principal officials, and the organizational chart. The Financial Section includes management's discussion and analysis (MD&A), basic financial statements, and required supplementary information. The basic financial statements consist of government-wide and fund financial statements, and notes to the basic financial statements. The Other Supplementary Information section, which is not audited, includes supplementary financial statements, supporting schedules of revenues and expenditures, and other statistical information which includes selected financial and demographic information, generally presented on a multi-year basis. Most readers will find it helpful to proceed directly to the MD&A on page 10 as a quick start into the June 30, 2015 City of Radford Comprehensive Annual Financial Report.

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

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



**Economic Condition and Outlook**

Chartered in 1892 the City of Radford is located in the New River Valley of Southwestern Virginia, just off interstate 81 at exits 105 and 109. Radford encompasses a land area of 9.63 square miles and has a population of 17,441.

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

The City is home to Radford University, a state supported institution of higher education with approximately 1,550 faculty and employees and 9,990 students. As the City’s largest employer, Radford University has a significant positive influence on our community. Although nontaxable, the University generates an estimated \$238 million dollars annually for the area’s economy. The University continues to move forward with investments in new and remodeled facilities, as well as growth in enrollment and program offerings. These investments and its overall presence, make the University an important economic engine for the City.

The City is committed to providing a community conducive to a high quality of life for its citizens and a strong workforce for its businesses. The City’s close proximity to I-81, as well as its central location between northern and southern markets, places it in an ideal geographic location for building activities. Through the years, this has enabled the City to attract such industries and research companies as Danaher, APW, RadVA, and TechLab. The City’s unemployment rate is currently 5.2% and has a workforce of 8,519.

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

City leaders continued to make wise capital investments in the community’s infrastructure (water, sanitary sewer and electric utilities, as well as roads and sidewalks) to keep the City strong, services reliable, aesthetics attractive, as well as support growth and private investment. Staff plans wisely on the purchase of materials to keep cost down and promote continued investment in community facilities.

Radford’s overall vital signs are good. We have seen an increase in private investments, housing starts and remodeling, business district revitalization, industrial investment, and expansion of job opportunities. Sales, meals, lodging, and utility sales revenues are all seeing moderate increases. All of these activities will result in an acceptable revenue forecast and a healthy Radford.



**Accounting System and Budgetary Controls**

In developing and modifying the City’s accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but no absolute assurance regarding: (a) the safeguarding of assets against loss from unauthorized use or disposition, and (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived, and (b) the evaluation of cost and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. The City’s internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

The encumbrance method of estimating purchase amounts prior to the release of purchase orders to vendors or the execution of contracts maintains budgetary control at the department level. Purchase orders greater than \$2,500 are approved by the City Finance Department. Year-end outstanding encumbrances are reported as a reservation of fund balance and re-appropriated in the succeeding year. As required by law, the City Manager submits to the City Council a recommended budget for the fiscal year beginning July 1. After an extensive budget study process and public hearing to receive citizen input, City Council makes its decision on the adopted budget and appropriate funds. The budget must be adopted and funds appropriated by July 1 of each year.

**Pension Benefits**

The City of Radford participates in the Virginia Retirement System (VRS), which covers all full time, salaried employees. Contributions to the VRS are determined on an actuarial basis. The contributions required during the 2014-2015 fiscal year totaled \$1,280,575. As of the plan's most recent actuarial valuation on June 30, 2013, the City's pension obligation was not fully funded. Please see Note 7 and Exhibits 13 and 14 for additional information on the City’s retirement plan.

**Capital Financing and Debt Service**

At June 30, 2015 the City’s legal debt limit is \$79,026,404. Net direct tax supported debt totaled \$23,158,731. Additional information about the City’s legal debt limit can be obtained from Table 13. Long-term liabilities, excluding claims payable, compensated absences, and OPEB obligations for all funds of the primary government as of June 30, 2015 totaled \$25,133,051 of which \$2,855,588 for Enterprise Fund activity is considered self-supporting as revenues for services are anticipated to cover operating and debt service needs. See Note 6 for more information on the City’s long-term borrowing.



**Cash Management**

The City follows the pooled cash concept, which allows for greater flexibility in managing cash flow amongst the different funds. Idle cash is invested in instruments as allowed by the Code of Virginia, Chapter 3, Title 26. Currently, idle cash is held in money market funds with SunTrust Securities Corporation. Bank interest earned during 2014-2015 totaled \$6,286.

**Auditing**

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

**Acknowledgements**

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

Respectfully submitted,

*David Ridpath*

David Ridpath, City Manager

*Patricia Cox*

Patricia Cox, Director of Finance

CITY OF RADFORD, VIRGINIA

---

CITY COUNCIL

---

Keith Marshall, Vice Mayor  
Robert Nicholson

Dr. Bruce Brown, Mayor

Dr. Richard Harshberger  
Michael Turk

CITY SCHOOL BOARD

---

Lynn Burris  
Adam DeVries

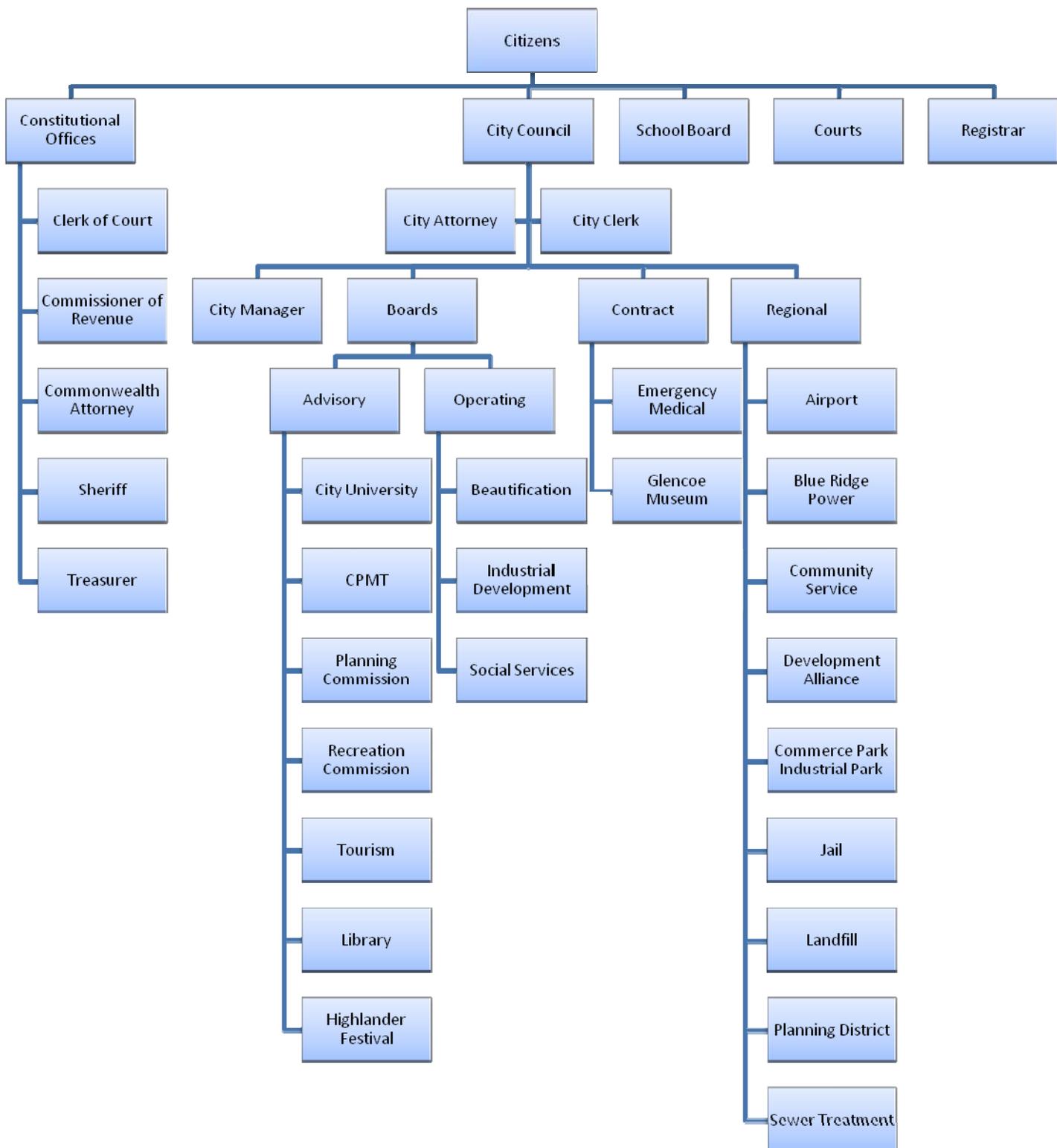
Kenny Alderman, Chair

Jessie Critterton  
Carl E. Mitchell

OTHER OFFICIALS

---

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



---

## FINANCIAL SECTION

---

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

---

## Independent Auditors' Report

---

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of June 30, 2015, 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.

### *Change in Accounting Principle*

As described in Note 20 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 10-20, 83-84, and 85-88, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Radford, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the City of Radford, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Radford, Virginia's internal control over financial reporting and compliance.

*Robinson, Turner, Cox Associates*

Blacksburg, Virginia  
November 16, 2015

**CITY OF RADFORD, VIRGINIA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2015**

---

The following discussion and analysis of the City of Radford's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the transmittal letter and the City's basic financial statements.

**FINANCIAL HIGHLIGHTS**

The City's net position excluding those of its component units, on the government-wide basis, totaled \$64,373,830 at June 30, 2015. Of this amount, \$8,014,990 may be used to meet ongoing obligations to citizens and creditors, and \$55,328,534 is invested in capital assets, net of related debt. Net position of \$1,030,306 is restricted.

On a government-wide basis for governmental activities, the City had expenses net of program revenues of \$19,634,135, which totaled \$3,840,776 more than the general revenues, net of transfers, of \$15,793,359.

At June 30, 2015, the City's governmental funds balance sheet reported total ending fund balance of \$7,197,483. Of this amount, \$2,213,861 remains in the various governmental funds of the City as unassigned.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

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

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

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

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

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

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

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements begin on page 23 and provide detailed information about the most significant funds. The City has three types of funds:

Governmental Funds - Most of the City's basic services are included in the governmental funds. Fund-based statements for these funds focus on how resources flow into and out of those funds and the balances left at year-end that are available for future spending. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities as reported in the government-wide and fund financial statements are reconciled in Exhibits 4 and 6 on pages 24 and 26.

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

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

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

Fiduciary Funds – Assets held for the benefit of other governments, agencies, or individuals, not part of the City, are reported in a fiduciary fund. These activities are excluded from the government-wide financial statements because the City cannot use these assets to finance its operations. The accounting used for fiduciary funds is much like that used for proprietary funds. Certain federal and state revenues collected and held by the Department of Social Services for the benefit of certain individuals are accounted for in the Special Welfare Fund.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 31 of this report.

## **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Radford, assets exceeded liabilities by \$64,373,830 at the close of the most recent fiscal year.

By far the largest portion of the City of Radford's net assets (86%) reflects its investment in capital assets (land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

### **Summary of Net Position:**

An additional portion of the City's net position, \$1,030,306 represents resources that are subject to external restrictions on how they can be used. The remaining balance of unrestricted net position, \$8,014,990, may be used to meet that government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole as well as for its business-type activities. The governmental activities showed a deficit in unrestricted net position.

The City implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions which resulted in a restatement of net position as of July 1, 2014. See note 20 for details. The City's combined net position decreased from \$66,351,066 to \$64,373,830 as a result of a decrease in net position of Governmental-type activities of \$295,329, and a decrease of Business-type activities of \$1,681,907. The decrease in net position of Governmental-type activities is due to a shortfall in other local taxes and state categorical aid in the General Fund. The decrease in net position of business-type activities is mainly attributed to the rise in cost of purchased power in the Electric Department due to the investments utility companies are making in renewable energy. The research and development costs associated with this will affect us for the foreseeable future.

The following table presents a condensed summary of net assets at June 30, 2015:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2015	2014	2015	2014	2015	2014	2015	2014
Current and other assets	13,147,106	14,690,032	12,947,745	13,538,432	26,094,851	28,228,464	1,954,619	1,419,441
Capital assets, net	62,669,590	62,821,734	17,791,995	19,091,150	80,461,585	81,912,884	6,707,481	6,583,216
Defered outflows	968,671	-	311,904	-	1,280,575	-	1,197,752	-
Total assets and Defered outflows	<u>76,785,367</u>	<u>77,511,766</u>	<u>31,051,644</u>	<u>32,629,582</u>	<u>107,837,011</u>	<u>110,141,348</u>	<u>9,859,852</u>	<u>8,002,657</u>
Other liabilities	2,354,910	2,321,772	2,056,576	1,471,960	4,411,486	3,793,732	131,604	104,386
Long-term liabilities	28,741,468	23,962,617	4,937,216	3,756,962	33,678,684	27,719,579	13,810,548	650,507
Deferred inflows	4,771,511	2,988,300	601,500	-	5,373,011	2,988,300	2,594,285	-
Total liabilities and Deferred inflows	<u>35,867,889</u>	<u>29,272,689</u>	<u>7,595,292</u>	<u>5,228,922</u>	<u>43,463,181</u>	<u>34,501,611</u>	<u>16,536,437</u>	<u>754,893</u>
<b>Net Assets:</b>								
Invested in capital assets, net of related debt	40,392,127	39,559,342	14,936,407	15,582,914	55,328,534	55,142,256	6,517,614	6,583,216
Restricted	1,030,306	968,879	-	-	1,030,306	968,879	43,995	10,569
Unrestricted	(504,955)	7,710,856	8,519,945	11,817,746	8,014,990	19,528,602	(13,238,194)	653,979
Total net assets	<u>40,917,478</u>	<u>48,239,077</u>	<u>23,456,352</u>	<u>27,400,660</u>	<u>64,373,830</u>	<u>75,639,737</u>	<u>(6,676,585)</u>	<u>7,247,764</u>

Note: Prior year data has not been updated for the implementation of GASB Statements 67 and 68.

(Remaining portion of this page left blank intentionally)

## Summary of Changes in Net Position:

The following table shows the revenues and expenses of the government at June 30, 2015:

Summary of Changes in Net Position For the Fiscal Year Ended June 30, 2015								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>Revenues</b>								
<b>Program Revenues:</b>								
Charges for Services	1,001,793	1,128,821	26,205,461	30,513,949	27,207,254	31,642,770	197,987	246,623
Operating grants and contributions	7,302,726	7,961,569	-	-	7,302,726	7,961,569	11,045,392	10,398,002
Capital grants and contributions	1,077,537	1,786,662	-	-	1,077,537	1,786,662	366,783	-
<b>General Revenues:</b>								
Property Taxes	7,775,293	7,703,878	-	-	7,775,293	7,703,878	-	-
Local sales and use taxes	885,262	963,013	-	-	885,262	963,013	-	-
Consumers' utility taxes	532,065	597,428	-	-	532,065	597,428	-	-
Business license taxes	484,247	465,200	-	-	484,247	465,200	-	-
Motor Vehicle Taxes	197,566	193,711	-	-	197,566	193,711	-	-
Restaurant food taxes	1,121,722	1,086,580	-	-	1,121,722	1,086,580	-	-
Other local taxes	603,799	565,146	-	-	603,799	565,146	-	-
Interest and rent income	159,012	167,998	3,094	3,230	162,106	171,228	3,988	304,390
Other income	674,651	926,516	-	-	674,651	926,516	75,007	93,209
Payments from business-type activities	1,863,215	2,113,819	-	-	1,863,215	2,113,819	-	-
Grants /contributions not restricted to specific programs	1,496,527	1,478,789	-	-	1,496,527	1,478,789	-	-
Gain/(loss) on disposal of capital assets	-	-	-	-	-	-	137,334	-
Payments from other governments	-	-	-	-	-	-	4,993,226	4,838,940
<b>Total Revenues</b>	<b>25,175,415</b>	<b>27,139,130</b>	<b>26,208,555</b>	<b>30,517,179</b>	<b>51,383,970</b>	<b>57,656,309</b>	<b>16,819,717</b>	<b>15,881,164</b>
<b>Expenses</b>								
General Government	2,616,659	2,583,106	-	-	2,616,659	2,583,106	-	-
Judicial administration	1,207,189	1,228,811	-	-	1,207,189	1,228,811	-	-
Public Safety	7,421,559	6,991,450	-	-	7,421,559	6,991,450	-	-
Public Works	3,880,301	4,052,721	-	-	3,880,301	4,052,721	-	-
Health and Welfare	2,883,992	2,965,695	-	-	2,883,992	2,965,695	-	-
Education	5,278,443	5,049,358	-	-	5,278,443	5,049,358	16,070,716	15,560,695
Parks, recreation, and cultural	2,284,564	2,284,314	-	-	2,284,564	2,284,314	-	-
Community Development	2,423,086	2,312,280	-	-	2,423,086	2,312,280	16,331	13,756
Interest on long-term debt	1,020,398	969,417	-	-	1,020,398	969,417	-	-
Nondepartmental	-	3,192	-	-	-	3,192	-	-
Electric Operation	-	-	18,074,319	20,238,003	18,074,319	20,238,003	-	-
Water/Wastewater Operation	-	-	4,956,419	5,061,000	4,956,419	5,061,000	-	-
Solid Waste Operation	-	-	1,314,277	1,213,715	1,314,277	1,213,715	-	-
<b>Total Expenses</b>	<b>29,016,191</b>	<b>28,440,344</b>	<b>24,345,015</b>	<b>26,512,718</b>	<b>53,361,206</b>	<b>54,953,062</b>	<b>16,087,047</b>	<b>15,574,451</b>
Transfers	3,545,447	3,828,572	(3,545,447)	(3,828,572)	-	-	-	-
Increase/(Decrease) in Net Position	(295,329)	2,527,358	(1,681,907)	175,889	(1,977,236)	2,703,247	732,670	306,713
Net Position, Beginning, as restated	41,212,807	45,711,719	25,138,259	27,224,771	66,351,066	72,936,490	(7,409,255)	6,941,051
<b>Net Position, Ending</b>	<b>40,917,478</b>	<b>48,239,077</b>	<b>23,456,352</b>	<b>27,400,660</b>	<b>64,373,830</b>	<b>75,639,737</b>	<b>(6,676,585)</b>	<b>7,247,764</b>

Note: Prior year data has not been updated for the implementation of GASB Statements 67 and 68.

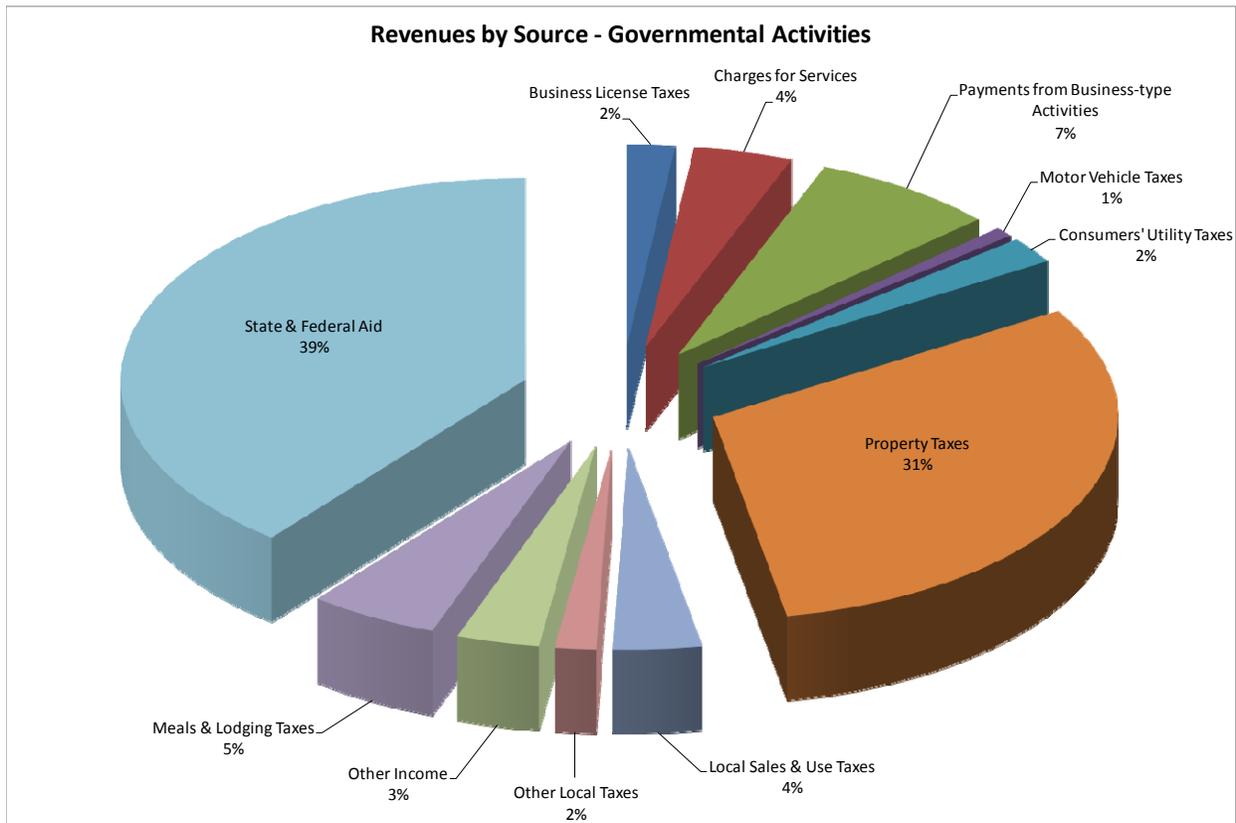
Operating grants and contributions, which is state and federal categorical aid, makes up about 29% of total revenue generated by governmental activities. This revenue source is down 8% because no new expansion buses were purchased in FY 2015, Comprehensive Services Act (CSA) revenue was down and the City received a Department of Health grant for an ambulance purchase in the previous year.

The property tax classification, which comprises approximately 31% of total revenue generated by governmental activities, includes real estate taxes, local portion of personal property taxes, and public service corporation taxes. Property tax rates have remained the same since 2010 which explains the modest 1% growth rate as compared to the 2014 fiscal year.

Capital grants and contributions are down 40%. This category captures the revenue activity for the Second Avenue Improvement Project. This project was completed in FY 2015.

Other Income is down 27% mainly due to a decrease in contribution from Radford University (RU) in the Transit Fund. As discussed above, no new expansion buses were purchased in FY 2015 therefore RU did not have a match to satisfy.

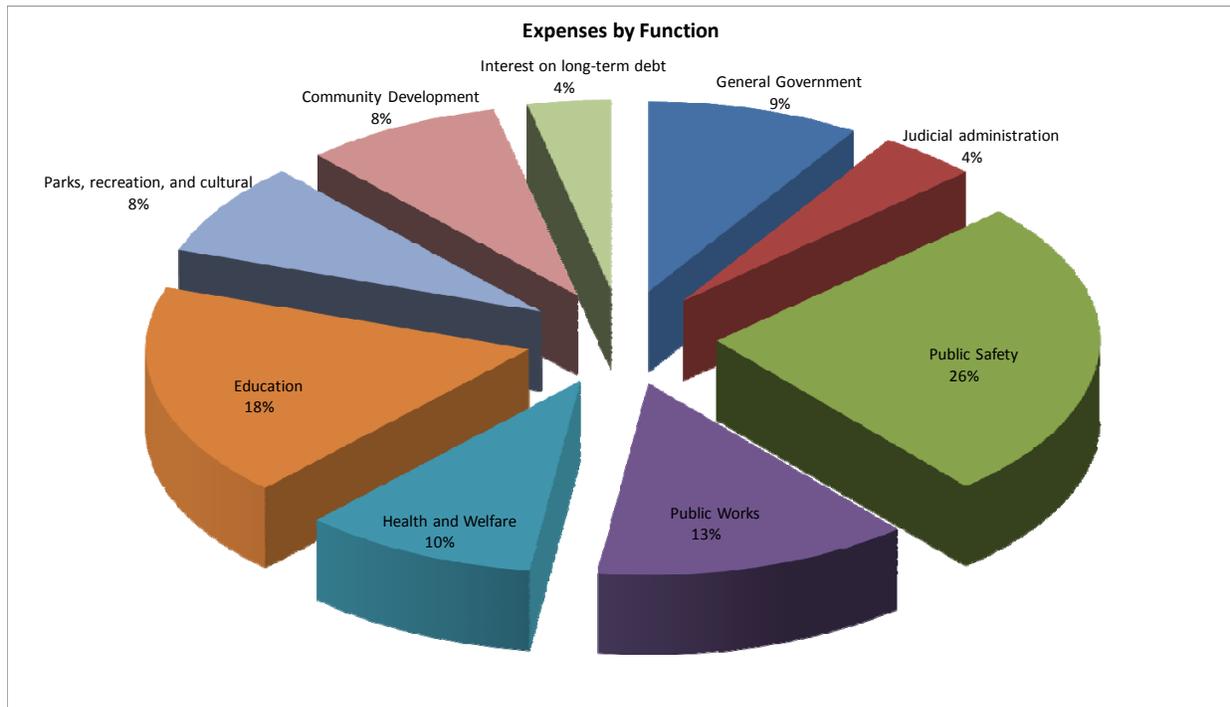
Revenue generated for governmental activities are presented below by category:



Expenses for governmental activities totaled \$29,016,191 for the year, which is up 2% from the previous year. A 3% cost-of-living adjustment was made to salaries in FY 2015. Council also gave a \$400 bonus to all full time employees and \$75 to all part time employees. Health insurance premiums for the employee only tier increased 3%. This is the third consecutive year of single digit increases. Rates from the Virginia Retirement System remained relatively unchanged.

Public Safety expenses comprise the largest portion of governmental expenses at 26%. This includes police, fire, EMS, and jail operations along with building official and code enforcement. This category showed a 6.2% increase over the previous fiscal year. Funding for education is the second largest portion of expenses at 18%. The amount transferred to the School Board was \$4,993,226 with an additional \$646,302 going into their capital reserve fund. Expenses for Public Works are the next largest portion, by function, of the City's governmental activities at 13%. Expenses for street paving and maintenance, as well as maintenance of general buildings and engineering are included in this category. It decreased 4.3% due to a reduction in fuel costs that are part of the price of paving. Health & Welfare expenses make up 10% of governmental expenses. The largest expense in this category is associated with CSA. This cost was down 17% as compared to the previous year. In FY 2014, more foster care children were in group homes as compared to FY 2015 where more children were in residential treatment facilities where Medicaid is accepted.

Expenses of the governmental activities are shown below by function:



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

### Governmental Funds:

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

For the fiscal year ended June 30, 2015, the governmental funds reflect a total fund balance of \$7,197,483. Of this amount, \$178,023 is nonspendable as it covers prepaid expenses. \$1,030,306 is restricted by grantors, higher levels of government, or law. \$3,775,293 is committed by Council. The remainder, \$2,213,861 is unassigned and available for any purpose.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund unassigned fund balance was \$2,326,761, while the total fund balance was \$6,509,095. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 9% of the total General Fund expenditures and other financing uses, while total fund balance represents 26% of that same amount.

The fund balance of the General Fund decreased by \$509,109 during the current fiscal year. This is due to other local taxes and state categorical aid being less than anticipated.

Local taxes make up a large portion of General Fund revenues, totaling approximately \$11,572,825 in fiscal year 2015. Property taxes make up 67% of local taxes and are up 1.9% from the prior year. All tax rates remained unchanged so this increase reflects modest growth. Other local taxes decreased 1.2%.

The Street Maintenance Fund accounts for revenues and expenditures related to the maintenance of the City's streets and other properties. Each year the City receives funds under the Virginia Department of Transportation Urban Street Maintenance program which are specifically restricted to be spent on streets and maintenance activities qualifying under the program. The City received \$2,137,197 during the fiscal year, an increase of 2.8% from last year. This fund is reported as a non-major fund along with the Grants Fund and Transit Fund.

The Capital Projects Fund is used to account for long-term major construction projects of the general government. The entire fund balance is designated for future expenditures on capital projects. During fiscal year ending June 30, 2015, no new capital improvement projects were started. \$1,768,169 was spent for ongoing projects during the fiscal year.

The Grants Fund accounts for federal and state grants received and expended. The entire fund balance of this fund is reserved for expenditures related to grants received. During the year, the City applied for and received grants from state and federal agencies totaling \$441,156.

The Radford Transit system is a partnership between Radford University and the City of Radford that serves the citizens of Radford, the Radford University community, and provides a connection to the surrounding areas of the New River Valley. Operated by New River Valley Community Services, the buses transport passengers to points throughout the Radford and Fairlawn areas connecting passengers with Christiansburg, Blacksburg, Pulaski County and services such as the MegaBus and Pulaski Area Transit. The system receives funding from charging fares, state and federal funding from the Department of Rail and Public Transportation and Radford University. Operating and capital expenditures totaled \$1,422,694.

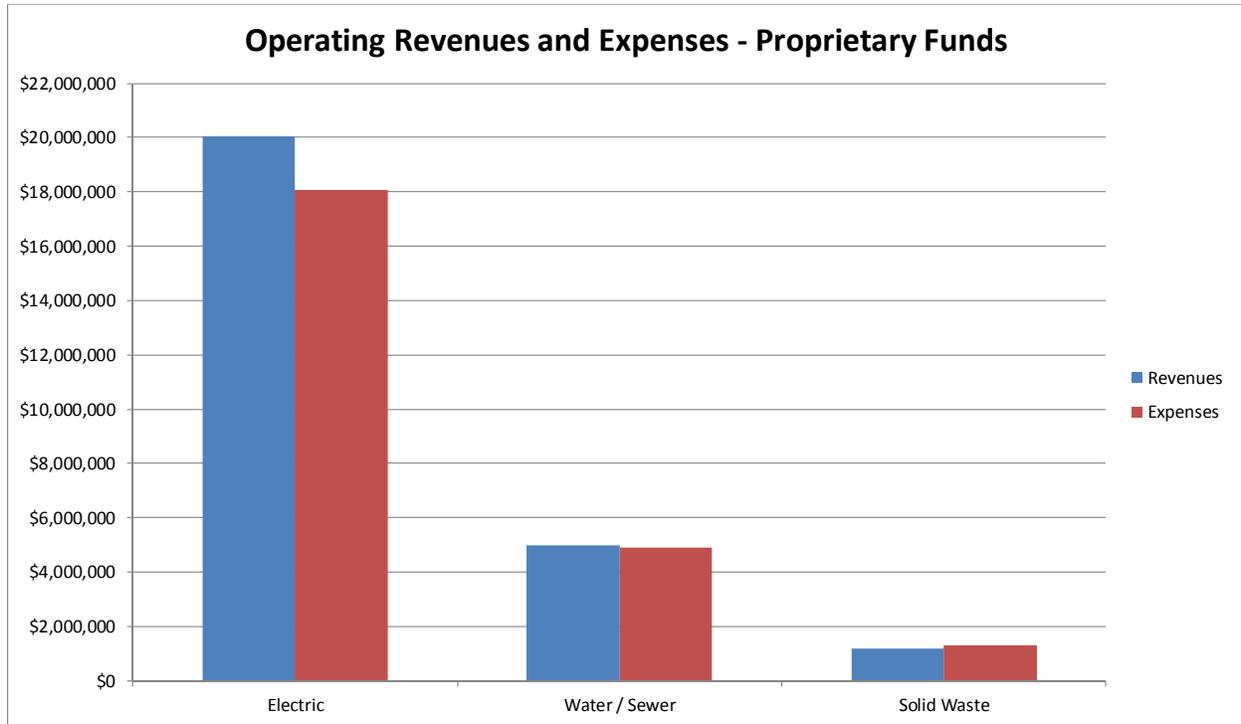
#### **Proprietary Funds:**

Exhibits 7, 8, and 9 provide the same type of information found in the government-wide financial statements on the City proprietary funds, but in more detail.

Unrestricted net position for the Electric Fund amounted to \$8,727,519 at the end of the year, a decrease of \$1,207,315 from the prior year or 12.2%. This is mainly due to a decrease in cash (see Exhibit 9) and an increase in accounts payable at year end due to the increase in the annual true-up adjustment from American Electric Power.

Unrestricted net position for the Water/Wastewater Fund was (\$302,557) at the end of the year, which is an increase of \$198,403. Each category of current assets experienced growth from the previous year with a partial offset by an increase in the amount due to the electric fund.

Unrestricted net position for the Solid Waste Fund amounted to \$94,983 at the end of the fiscal year, a decrease of \$26,488 from the prior year. This reduction is mainly due to a decrease in cash as outlined in Exhibit 9.



### GENERAL FUND BUDGETARY HIGHLIGHTS

There were 28 amendments to the original budget during the 2014-2015 fiscal year. Significant increases in appropriations for the general fund budget are highlighted below:

- \$21,500 Renovation to Circuit Court Judge's Chambers
- \$28,074 Ambulance upgrades
- \$38,400 EMS Quick Response Vehicle
- \$49,710 State Aid to Local Governments
- \$65,936 Performance Recognition

## CAPITAL ASSETS

As of June 30, 2015, the City's capital assets for its governmental and business-type activities amounted to \$80,461,585 (net of accumulated depreciation). This investment includes land, buildings and improvements, machinery and equipment, infrastructure and utility plants, and construction in progress. The total net decrease (additions less retirements and depreciation) in the City's investment in capital assets for the current year was \$1,451,301.

Major capital assets events during the year included the following:

- \$80,602 West Main Street Lighting
- \$92,700 Street Department backhoe
- \$139,332 Street Department dump truck
- \$191,935 Electric Department bucket truck
- \$1,705,489 Second Avenue Improvement Project

Capital Assets, Net of Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	2,419,142	2,593,925	712,498	712,498	3,131,640	3,306,423
Construction in Progress	5,973,559	4,527,236	15,040	28,474	5,988,599	4,555,710
Building & Improvements	29,789,629	30,583,914	262,484	268,417	30,052,113	30,852,331
Machinery & Equipment	4,245,001	4,507,334	1,793,296	1,784,635	6,038,297	6,291,969
Plant & Infrastructure	20,242,259	20,609,325	15,008,677	16,297,128	35,250,936	36,906,453
Total	62,669,590	62,821,734	17,791,995	19,091,152	80,461,585	81,912,886

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

## LONG-TERM DEBT

At June 30, 2015, the City's long-term liabilities, not including compensated absences, claims payable, and OPEB obligations, totaled \$25,133,051 comprised of \$22,277,463 related to governmental activities, and \$2,855,588 related to business-type activities. Total debt decreased by \$1,637,577 during the year. The City issued debt totaling \$6,394,645 during the fiscal year and made principal payments totaling \$8,032,222.

The Charter of the City of Radford and Code of Virginia limits the City's net debt to 10% of the assessed valuation of real estate within the City limits. This limit applies to general obligation debt only. Long-term liabilities of business-type funds will be met by revenues generated from those funds. The City's net debt of \$23,158,731 applicable to the limit is below the legal debt limit of \$79,026,404.

The School Board Component Unit relies upon the City to provide full faith and credit for any debt obligations incurred. Therefore, the City reports School Board Component Unit long-term liabilities, other than compensated absences, as its own. At June 30, 2015, \$11,287,513 of the governmental long-term debt was attributable to the School Board Component Unit for the construction of the new Belle

Heth Elementary School. In addition to bonded debt and capital lease obligations, the City's long-term obligations include compensated absences and the OPEB obligation. Additional information concerning the City's long-term liabilities is presented in note 6 of the Basic financial statements.

CITY OF RADFORD  
OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	21,157,498	22,566,904	2,001,233	2,615,444	23,158,731	25,182,348
Unamortized Premium	965,589	492,874	-	-	965,589	492,874
Lease Purchase	154,376	202,614	-	-	154,376	202,614
Revenue Bonds	-	-	854,355	892,792	854,355	892,792
Total	22,277,463	23,262,392	2,855,588	3,508,236	25,133,051	26,770,628

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

The City of Radford's financial statements are impacted by overall economic conditions. The outlook for Radford is stable, but broadly influenced by national and state trends. Locally the budget is impacted by the growing costs of the delivery of services, coupled with the cost of employee benefits related to health insurance and retirement.

The City's unemployment rate is 5.2% out of a workforce of 8,519. Unemployment for last year was 5.9% out of 8,484. This compares closely to the state average of 5.6% and the national average of 5.9%. The City's largest employer, Radford University, comprises 204 acres of land and sixty-one buildings. Its 11,500 student faculty and staff bring significant purchasing power to the community and the area helping many revenue sources associated with sales, taxes and fees. Other industrial business interests have remained stable reflecting job growth and investment.

The City's inflationary trends in the region compare favorably to national reports. Real Estate collections remain consistent and modest increases are seen in sales.

Issues impacting the future relate to energy regulation, limited land area for growth, capital equipment needs, as well as state and national economic and inflationary trends. FY 2016 is a reassessment year and property values are expected to increase slightly while rates remained the same. A modest increase was required in the solid waste operation. The standard container rate for refuse collection was increased by \$1. Bulk containers and special collections rates increased by the same percentage, 5.88%.

**CONTACTING THE CITY'S FINANCIAL DEPARTMENT**

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

## Basic Financial Statements

City of Radford, Virginia  
Statement of Net Position  
June 30, 2015

	Primary Government			Component Unit School Board	Component Unit IDA
	Governmental Activities	Business-type Activities	Total		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,483,261	\$ 6,944,251	\$ 15,427,512	\$ 293,803	\$ 323,172
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,276,075	-	3,276,075	-	-
Accounts receivable	627,295	2,251,555	2,878,850	6	-
Internal balances	(2,977,465)	2,977,465	-	-	-
Due from other governmental units	3,481,635	-	3,481,635	400,217	-
Inventories	68,595	733,541	802,136	12,082	760,094
Prepaid items	187,710	40,933	228,643	-	-
Net pension asset	-	-	-	165,245	-
Capital assets (net of accumulated depreciation):					
Land	2,419,142	712,498	3,131,640	211,699	-
Buildings and improvements	29,789,629	262,484	30,052,113	5,712,527	-
Machinery and equipment	4,245,001	1,793,296	6,038,297	758,255	-
Infrastructure and utility plants	20,242,259	15,008,677	35,250,936	-	-
Construction in progress	5,973,559	15,040	5,988,599	25,000	-
Total assets	<u>\$ 75,816,696</u>	<u>\$ 30,739,740</u>	<u>\$ 106,556,436</u>	<u>\$ 7,578,834</u>	<u>\$ 1,083,266</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension contributions subsequent to measurement date	\$ 968,671	\$ 311,904	\$ 1,280,575	\$ 1,197,752	\$ -
Total deferred outflows of resources	<u>\$ 968,671</u>	<u>\$ 311,904</u>	<u>\$ 1,280,575</u>	<u>\$ 1,197,752</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,517,599	\$ 1,597,524	\$ 3,115,123	\$ 41,612	\$ -
Accrued wages	425,941	131,206	557,147	34,853	-
Customers' deposits	-	327,846	327,846	-	-
Amount held for others	78,736	-	78,736	-	-
Accrued interest payable	307,614	-	307,614	-	-
Unearned revenue	25,020	-	25,020	55,139	-
Long-term liabilities:					
Due within one year	1,498,254	828,302	2,326,556	331,982	-
Due in more than one year	27,243,214	4,108,914	31,352,128	13,478,566	-
Total liabilities	<u>\$ 31,096,378</u>	<u>\$ 6,993,792</u>	<u>\$ 38,090,170</u>	<u>\$ 13,942,152</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue-property taxes	\$ 2,903,449	\$ -	\$ 2,903,449	\$ -	\$ -
Items related to measurement of net pension liability	1,868,062	601,500	2,469,562	2,594,285	-
Total deferred inflows of resources	<u>\$ 4,771,511</u>	<u>\$ 601,500</u>	<u>\$ 5,373,011</u>	<u>\$ 2,594,285</u>	<u>\$ -</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 40,392,127	\$ 14,936,407	\$ 55,328,534	\$ 6,517,614	\$ -
Restricted	1,030,306	-	1,030,306	43,995	-
Unrestricted (deficit)	(504,955)	8,519,945	8,014,990	(14,321,460)	1,083,266
Total net position	<u>\$ 40,917,478</u>	<u>\$ 23,456,352</u>	<u>\$ 64,373,830</u>	<u>\$ (7,759,851)</u>	<u>\$ 1,083,266</u>

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

City of Radford, Virginia  
Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	School Board	IDA
<b>PRIMARY GOVERNMENT:</b>									
Governmental activities:									
General government administration	\$ 2,616,659	\$ 57,003	\$ 150,035	\$ -	\$ (2,409,621)	\$ -	\$ (2,409,621)	\$ -	\$ -
Judicial administration	1,207,189	309,664	460,137	-	(437,388)	-	(437,388)	-	-
Public safety	7,421,559	519,489	1,071,165	1,077,537	(4,753,368)	-	(4,753,368)	-	-
Public works	3,880,301	15,915	2,143,554	-	(1,720,832)	-	(1,720,832)	-	-
Health and welfare	2,883,992	-	2,144,990	-	(739,002)	-	(739,002)	-	-
Education	5,278,443	-	-	-	(5,278,443)	-	(5,278,443)	-	-
Parks, recreation, and cultural	2,284,564	99,722	142,081	-	(2,042,761)	-	(2,042,761)	-	-
Community development	2,423,086	-	1,190,764	-	(1,232,322)	-	(1,232,322)	-	-
Interest	1,020,398	-	-	-	(1,020,398)	-	(1,020,398)	-	-
Total governmental activities	\$ 29,016,191	\$ 1,001,793	\$ 7,302,726	\$ 1,077,537	\$ (19,634,135)	\$ -	\$ (19,634,135)	\$ -	\$ -
Business-type activities:									
Water and sewer	\$ 4,956,419	\$ 4,990,731	\$ -	\$ -	\$ -	\$ 34,312	\$ 34,312	\$ -	\$ -
Electric	18,074,319	20,038,936	-	-	-	1,964,617	1,964,617	-	-
Nonmajor funds	1,314,277	1,175,794	-	-	-	(138,483)	(138,483)	-	-
Total business-type activities	\$ 24,345,015	\$ 26,205,461	\$ -	\$ -	\$ -	\$ 1,860,446	\$ 1,860,446	\$ -	\$ -
Total primary government	\$ 53,361,206	\$ 27,207,254	\$ 7,302,726	\$ 1,077,537	\$ (19,634,135)	\$ 1,860,446	\$ (17,773,689)	\$ -	\$ -
<b>COMPONENT UNITS:</b>									
School Board	\$ 16,070,716	\$ 189,179	\$ 11,045,392	\$ 192,000	\$ -	\$ -	\$ (4,644,145)	\$ -	\$ -
IDA	16,331	8,808	-	174,783	-	-	-	-	167,260
Total component units	\$ 16,087,047	\$ 197,987	\$ 11,045,392	\$ 366,783	\$ -	\$ -	\$ (4,644,145)	\$ -	\$ 167,260
General revenues:									
General property taxes	\$ 7,775,293	\$ -	\$ -	\$ -	\$ 7,775,293	\$ -	\$ -	\$ -	\$ -
Other local taxes:									
Local sales and use taxes					885,262		885,262		
Consumers' utility taxes					532,065		532,065		
Business license taxes					484,247		484,247		
Motor vehicle taxes					197,566		197,566		
Restaurant food taxes					1,121,722		1,121,722		
Bank stock taxes					223,636		223,636		
Hotel and motel room taxes					189,208		189,208		
Other local taxes					190,955		190,955		
Unrestricted revenues from the use of money and property					3,094		3,094		
Miscellaneous					159,012		159,012		
Contributions from the City of Radford					2,537,866		2,537,866		
Grants and contributions not restricted to specific programs					1,496,527		1,496,527		
Gain on disposal of inventory held for resale					-		-		
Transfers					-		-		137,334
Total general revenues and transfers	\$ 3,545,447	\$ (3,545,447)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in net position	\$ 19,338,806	\$ (3,542,353)	\$ 15,796,453	\$ 5,072,221	\$ 15,796,453	\$ 5,072,221	\$ 5,072,221	\$ 137,334	\$ -
Net position - beginning, as restated	\$ 41,212,807	\$ 25,138,259	\$ 66,351,066	\$ (8,187,921)	\$ 41,212,807	\$ 25,138,259	\$ 66,351,066	\$ (8,187,921)	\$ 304,594
Net position - ending	\$ 40,917,478	\$ 23,456,352	\$ 64,373,830	\$ (7,759,851)	\$ 40,917,478	\$ 23,456,352	\$ 64,373,830	\$ (7,759,851)	\$ 1,083,266

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

City of Radford, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Transit</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,336,655	\$ -	\$ -	\$ 498,596	\$ 9,835,251
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,276,075	-	-	-	3,276,075
Accounts receivable	450,702	-	142,013	32,193	624,908
Due from other governmental units	675,834	1,538,292	1,149,793	117,716	3,481,635
Prepaid items	162,232	900	-	14,891	178,023
Total assets	<u>\$ 13,901,498</u>	<u>\$ 1,539,192</u>	<u>\$ 1,291,806</u>	<u>\$ 663,396</u>	<u>\$ 17,395,892</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 713,009	\$ 114,632	213,922	\$ 438,414	\$ 1,479,977
Accrued wages and benefits	369,590	-	-	46,048	415,638
Accrued vacation and sick pay	116,146	-	-	13,151	129,297
Amounts held for others	78,736	-	-	-	78,736
Reconciled overdraft	-	855,011	866,454	16,557	1,738,022
Due to other funds	2,608,273	-	-	241,817	2,850,090
Unearned revenue	25,020	-	-	-	25,020
Total liabilities	<u>\$ 3,910,774</u>	<u>\$ 969,643</u>	<u>\$ 1,080,376</u>	<u>\$ 755,987</u>	<u>\$ 6,716,780</u>
Deferred inflows of resources:					
Unavailable revenue-property taxes	\$ 3,430,636	\$ -	\$ -	\$ -	\$ 3,430,636
Unavailable revenue-ambulance billings	50,993	-	-	-	50,993
Total deferred inflows of resources	<u>\$ 3,481,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,481,629</u>
Fund balances:					
Nonspendable	\$ 162,232	\$ 900	\$ -	\$ 14,891	\$ 178,023
Restricted (Note 18)	818,876	-	211,430	-	1,030,306
Committed (Note 18)	3,201,226	568,649	-	5,418	3,775,293
Unassigned	2,326,761	-	-	(112,900)	2,213,861
Total fund balances	<u>6,509,095</u>	<u>569,549</u>	<u>211,430</u>	<u>(92,591)</u>	<u>7,197,483</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 13,901,498</u>	<u>\$ 1,539,192</u>	<u>\$ 1,291,806</u>	<u>\$ 663,396</u>	<u>\$ 17,395,892</u>

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

City of Radford, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 June 30, 2015

---

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	7,197,483
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excludes \$40,372 in Internal Service Fund capital assets).		
Land	\$	2,419,142
Buildings and improvements		29,775,441
Infrastructure		20,242,259
Machinery and equipment		4,218,817
Construction in progress		5,973,559
		62,629,218
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue-property taxes	\$	527,187
Unavailable revenue-ambulance billings		50,993
		578,180
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		
		949,809
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.		
		188,152
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds (excludes \$110,416 and \$15,692 in Internal Service Fund net pension liability and compensated absences, respectively).		
General obligation bonds and capital lease	\$	(21,311,874)
Accrued interest payable		(307,614)
Unamortized bond premium		(965,589)
Compensated absences		(573,546)
Net OPEB obligation		(74,919)
Net pension liability		(5,560,135)
Items related to measurement of net pension liability		(1,831,687)
		(30,625,364)
Net position of governmental activities	\$	40,917,478

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

City of Radford, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2015

	General	Capital Projects	Transit	Other Governmental Funds	Total
<b>REVENUES</b>					
General property taxes	\$ 7,748,164	\$ -	\$ -	\$ -	\$ 7,748,164
Other local taxes	3,824,661	-	-	-	3,824,661
Permits, privilege fees, and regulatory licenses	45,775	-	-	-	45,775
Fines and forfeitures	265,823	-	-	-	265,823
Revenue from the use of money and property	158,930	-	-	82	159,012
Charges for services	662,039	-	26,230	11,518	699,787
Miscellaneous	2,224,054	-	313,689	123	2,537,866
Recovered costs	66,411	-	-	-	66,411
Intergovernmental:					
Commonwealth	4,527,762	577,537	288,893	2,290,209	7,684,401
Federal	756,945	500,000	698,265	237,179	2,192,389
Total revenues	<u>\$ 20,280,564</u>	<u>\$ 1,077,537</u>	<u>\$ 1,327,077</u>	<u>\$ 2,539,111</u>	<u>\$ 25,224,289</u>
<b>EXPENDITURES</b>					
General government administration	\$ 2,636,539	\$ -	\$ -	\$ -	\$ 2,636,539
Judicial administration	1,222,250	-	-	-	1,222,250
Public safety	7,110,030	-	-	196,522	7,306,552
Public works	1,032,541	-	-	2,342,913	3,375,454
Health and welfare	2,921,634	-	-	-	2,921,634
Education	5,000,089	-	-	-	5,000,089
Parks, recreation, and cultural	2,055,115	-	-	9,002	2,064,117
Community development	447,765	-	1,422,694	170,280	2,040,739
Capital projects	-	1,768,169	-	-	1,768,169
Debt service:					
Principal retirement	1,039,692	-	-	26,000	1,065,692
Interest and other fiscal charges	953,439	-	-	7,325	960,764
Bond issuance costs	112,770	-	-	-	112,770
Total expenditures	<u>\$ 24,531,864</u>	<u>\$ 1,768,169</u>	<u>\$ 1,422,694</u>	<u>\$ 2,752,042</u>	<u>\$ 30,474,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,251,300)</u>	<u>\$ (690,632)</u>	<u>\$ (95,617)</u>	<u>\$ (212,931)</u>	<u>\$ (5,250,480)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	\$ 3,752,920	\$ 260,000	\$ 144,486	\$ 4,813	\$ 4,162,219
Transfers out	(149,299)	(437,473)	-	(15,000)	(601,772)
Issuance of refunding bonds	5,875,000	-	-	-	5,875,000
Premium on refunding bonds issued	519,645	-	-	-	519,645
Debt service - principal	(6,266,952)	-	-	-	(6,266,952)
Sale of capital assets	10,877	-	-	9,237	20,114
Total other financing sources (uses)	<u>\$ 3,742,191</u>	<u>\$ (177,473)</u>	<u>\$ 144,486</u>	<u>\$ (950)</u>	<u>\$ 3,708,254</u>
Net change in fund balances	\$ (509,109)	\$ (868,105)	\$ 48,869	\$ (213,881)	\$ (1,542,226)
Fund balances - beginning	7,018,204	1,437,654	162,561	121,290	8,739,709
Fund balances - ending	<u>\$ 6,509,095</u>	<u>\$ 569,549</u>	<u>\$ 211,430</u>	<u>\$ (92,591)</u>	<u>\$ 7,197,483</u>

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

City of Radford, Virginia  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2015

---

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

Net change in fund balances - total governmental funds \$ (1,542,226)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 2,586,691	
Transfers of assets (net) to business-type activities	(15,000)	
Depreciation expense	<u>(2,516,981)</u>	54,710

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (196,316)

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

Property taxes	\$ 27,129	
Rescue squad charges	(9,592)	
Increase (decrease) in items related to measurement of net pension liability	<u>(1,831,687)</u>	(1,814,150)

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	\$ (5,875,000)	
Issuance premium (to be amortized against interest expense)	(519,645)	
Principal repayments:		
General obligation bonds	\$ 7,284,406	
Capital lease	<u>48,238</u>	937,999

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	\$ (69,525)	
Change in accrued interest payable	6,206	
Amortization of bond premium	46,930	
Change in net OPEB obligation	(5,252)	
Change in net pension liability	2,250,157	
Change in pension contributions subsequent to measurement date	<u>28,972</u>	2,257,488

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. 7,166

Change in net position of governmental activities \$ (295,329)

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

City of Radford, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Enterprise Funds				Internal Service Fund
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 998,751	\$ 5,839,557	\$ 105,943	\$ 6,944,251	\$ 386,032
Accounts receivable, net of allowance for uncollectibles	446,996	1,692,333	112,226	2,251,555	2,387
Due from other funds	491,078	3,702,700	255,436	4,449,214	-
Inventories	180,595	552,946	-	733,541	68,595
Prepaid items	15,564	17,343	8,026	40,933	9,687
Total current assets	<u>\$ 2,132,984</u>	<u>\$ 11,804,879</u>	<u>\$ 481,631</u>	<u>\$ 14,419,494</u>	<u>\$ 466,701</u>
Noncurrent assets:					
Capital assets:					
Land	\$ 188,734	\$ 523,764	\$ -	\$ 712,498	\$ -
Utility plant and lines in service	29,893,628	17,129,657	-	47,023,285	-
Buildings and improvements	31,455	427,973	-	459,428	39,618
Machinery and equipment	1,309,890	2,272,217	1,405,849	4,987,956	240,174
Construction in progress	15,040	-	-	15,040	-
Accumulated depreciation	(19,010,008)	(15,559,128)	(837,076)	(35,406,212)	(239,420)
Total capital assets	<u>\$ 12,428,739</u>	<u>\$ 4,794,483</u>	<u>\$ 568,773</u>	<u>\$ 17,791,995</u>	<u>\$ 40,372</u>
Total noncurrent assets	<u>\$ 12,428,739</u>	<u>\$ 4,794,483</u>	<u>\$ 568,773</u>	<u>\$ 17,791,995</u>	<u>\$ 40,372</u>
Total assets	<u>\$ 14,561,723</u>	<u>\$ 16,599,362</u>	<u>\$ 1,050,404</u>	<u>\$ 32,211,489</u>	<u>\$ 507,073</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension contributions subsequent to measurement date	\$ 96,611	\$ 169,892	\$ 45,401	\$ 311,904	\$ 18,862
Total deferred outflows of resources	<u>\$ 96,611</u>	<u>\$ 169,892</u>	<u>\$ 45,401</u>	<u>\$ 311,904</u>	<u>\$ 18,862</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 151,832	\$ 1,402,286	\$ 43,406	\$ 1,597,524	\$ 37,622
Salaries and wages payable	42,487	71,483	17,236	131,206	10,303
Customers' deposits	34,127	293,719	-	327,846	-
Due to other funds	1,471,749	-	-	1,471,749	127,375
Compensated absences - current portion	60,065	118,194	13,558	191,817	11,769
Bonds payable - current portion	586,735	49,750	-	636,485	-
Total current liabilities	<u>\$ 2,346,995</u>	<u>\$ 1,935,432</u>	<u>\$ 74,200</u>	<u>\$ 4,356,627</u>	<u>\$ 187,069</u>
Noncurrent liabilities:					
Compensated absences - net of current portion	\$ 20,022	\$ 39,398	\$ 4,519	\$ 63,939	\$ 3,923
Bonds payable - net of current portion	2,080,051	139,052	-	2,219,103	-
Net pension liability	565,558	994,539	265,775	1,825,872	110,416
Total noncurrent liabilities	<u>\$ 2,665,631</u>	<u>\$ 1,172,989</u>	<u>\$ 270,294</u>	<u>\$ 4,108,914</u>	<u>\$ 114,339</u>
Total liabilities	<u>\$ 5,012,626</u>	<u>\$ 3,108,421</u>	<u>\$ 344,494</u>	<u>\$ 8,465,541</u>	<u>\$ 301,408</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Items related to measurement of net pension liability	\$ 186,312	\$ 327,633	\$ 87,555	\$ 601,500	\$ 36,375
Total deferred inflows of resources	<u>\$ 186,312</u>	<u>\$ 327,633</u>	<u>\$ 87,555</u>	<u>\$ 601,500</u>	<u>\$ 36,375</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 9,761,953	\$ 4,605,681	\$ 568,773	\$ 14,936,407	\$ 40,372
Unrestricted	(302,557)	8,727,519	94,983	8,519,945	147,780
Total net position	<u>\$ 9,459,396</u>	<u>\$ 13,333,200</u>	<u>\$ 663,756</u>	<u>\$ 23,456,352</u>	<u>\$ 188,152</u>

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

City of Radford, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Electric Fund	Solid Waste Fund	Total	
<b>OPERATING REVENUES</b>					
Charges for services:					
Water sales	\$ 2,349,602	\$ -	\$ -	\$ 2,349,602	\$ -
Electric sales	-	19,771,396	-	19,771,396	-
Sanitation charges	-	-	1,175,794	1,175,794	-
Internal service charges	-	-	-	-	780,619
Sewer sales	2,384,740	-	-	2,384,740	-
Tap fees	12,747	-	-	12,747	-
Connection fees	23,283	-	-	23,283	-
Availability fees	140,922	-	-	140,922	-
Penalties	75,659	176,537	-	252,196	-
Miscellaneous revenue	3,778	36,664	-	40,442	-
Other revenues	-	54,339	-	54,339	-
Total operating revenues	<u>\$ 4,990,731</u>	<u>\$ 20,038,936</u>	<u>\$ 1,175,794</u>	<u>\$ 26,205,461</u>	<u>\$ 780,619</u>
<b>OPERATING EXPENSES</b>					
Personnel	\$ 1,141,603	\$ 1,871,041	\$ 529,640	\$ 3,542,284	\$ 209,507
Professional services	94,957	159,791	1,384	256,132	-
Automotive expenses	73,985	47,132	131,835	252,952	430,827
Office supplies and expenses	2,345	6,348	68	8,761	239
Risk management	22,144	22,713	10,933	55,790	6,443
Postal services	480	158	-	638	-
Telecommunications	20,887	17,324	1,539	39,750	750
Conferences and education	425	8,023	-	8,448	75
Dues and memberships	560	38,819	-	39,379	-
Heating service	11,066	-	-	11,066	2,315
Repairs and maintenance	202,958	278,595	-	481,553	38,072
Janitorial supplies	695	406	-	1,101	479
Tools	3,438	65,272	-	68,710	7,150
Lease/rentals	807	84	-	891	-
Agricultural supplies	69	-	-	69	-
Uniforms	4,078	25,574	2,037	31,689	351
Building expenses	3,783	-	5,541	9,324	30,733
Solid waste services	1,776	1,392	-	3,168	-
Electrical service	247,828	1,291	-	249,119	34,942
Water and waste services	655	712	-	1,367	343
Refuse hauling	-	-	62,095	62,095	-
Supplies	8,418	-	-	8,418	-
Purchase of electricity	-	13,762,184	-	13,762,184	-
Services from other governments	1,519,463	-	278,285	1,797,748	-
Payment in lieu of taxes	583,664	1,094,764	184,787	1,863,215	-
Miscellaneous	3,226	18,795	-	22,021	-
Chemicals and gases	61,908	-	-	61,908	690
Depreciation	899,414	656,079	111,933	1,667,426	10,537
Total operating expenses	<u>\$ 4,910,632</u>	<u>\$ 18,076,497</u>	<u>\$ 1,320,077</u>	<u>\$ 24,307,206</u>	<u>\$ 773,453</u>
Operating income (loss)	<u>\$ 80,099</u>	<u>\$ 1,962,439</u>	<u>\$ (144,283)</u>	<u>\$ 1,898,255</u>	<u>\$ 7,166</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest income	\$ 1,897	\$ 1,134	\$ 63	\$ 3,094	\$ -
Gain (loss) on disposal of surplus	(7,159)	4,945	5,800	3,586	-
Interest expense	(38,628)	(2,767)	-	(41,395)	-
Total nonoperating revenues (expenses)	<u>\$ (43,890)</u>	<u>\$ 3,312</u>	<u>\$ 5,863</u>	<u>\$ (34,715)</u>	<u>\$ -</u>
Income before transfers	<u>\$ 36,209</u>	<u>\$ 1,965,751</u>	<u>\$ (138,420)</u>	<u>\$ 1,863,540</u>	<u>\$ 7,166</u>
Transfers in	15,000	-	-	15,000	-
Transfers out	-	(3,560,447)	-	(3,560,447)	-
Change in net position	<u>\$ 51,209</u>	<u>\$ (1,594,696)</u>	<u>\$ (138,420)</u>	<u>\$ (1,681,907)</u>	<u>\$ 7,166</u>
Net position - beginning, as restated	9,408,187	14,927,896	802,176	25,138,259	180,986
Net position - ending	<u>\$ 9,459,396</u>	<u>\$ 13,333,200</u>	<u>\$ 663,756</u>	<u>\$ 23,456,352</u>	<u>\$ 188,152</u>

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, 2015

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer Fund	Electric Fund	Solid Waste Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 4,927,406	\$ 19,876,309	\$ 1,168,486	\$ 25,972,201	\$ -
Receipts from interfund services	-	-	-	-	781,685
Payments to suppliers	(2,871,982)	(15,043,759)	(670,800)	(18,586,541)	(524,149)
Payments to employees	(1,175,959)	(1,937,664)	(557,346)	(3,670,969)	(214,975)
Net cash provided by (used for) by operating activities	<u>\$ 879,465</u>	<u>\$ 2,894,886</u>	<u>\$ (59,660)</u>	<u>\$ 3,714,691</u>	<u>\$ 42,561</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers to other funds	\$ -	\$ (3,560,447)	\$ -	\$ (3,560,447)	\$ -
Advances from other funds	327,096	-	-	327,096	35,279
Advances to other funds	(227,963)	(1,132,651)	(45,821)	(1,406,435)	-
Net cash provided by (used for) by noncapital financing activities	<u>\$ 99,133</u>	<u>\$ (4,693,098)</u>	<u>\$ (45,821)</u>	<u>\$ (4,639,786)</u>	<u>\$ 35,279</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of capital assets	\$ (120,873)	\$ (239,555)	\$ -	\$ (360,428)	\$ -
Proceeds from the sale of assets	-	4,945	5,800	10,745	-
Principal payments on bonds	(623,505)	(29,143)	-	(652,648)	-
Interest expense	(38,628)	(2,767)	-	(41,395)	-
Net cash provided by (used for) by capital and related financing activities	<u>\$ (783,006)</u>	<u>\$ (266,520)</u>	<u>\$ 5,800</u>	<u>\$ (1,043,726)</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	\$ 1,897	\$ 1,134	\$ 63	\$ 3,094	\$ -
Net cash provided by (used for) by investing activities	<u>\$ 1,897</u>	<u>\$ 1,134</u>	<u>\$ 63</u>	<u>\$ 3,094</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ 197,489</u>	<u>\$ (2,063,598)</u>	<u>\$ (99,618)</u>	<u>\$ (1,965,727)</u>	<u>\$ 77,840</u>
Cash and cash equivalents - beginning	801,262	7,903,155	205,561	8,909,978	308,192
Cash and cash equivalents - ending	<u>\$ 998,751</u>	<u>\$ 5,839,557</u>	<u>\$ 105,943</u>	<u>\$ 6,944,251</u>	<u>\$ 386,032</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) by operating activities:</b>					
Operating income (loss)	\$ 80,099	\$ 1,962,439	\$ (144,283)	\$ 1,898,255	\$ 7,166
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	\$ 899,414	\$ 656,079	\$ 111,933	\$ 1,667,426	\$ 10,537
(Increase) decrease in accounts receivable	(61,857)	(139,658)	(7,308)	(208,823)	1,066
(Increase) decrease in inventories	(7,666)	(70,290)	-	(77,956)	1,623
(Increase) decrease in prepaid items	(4,268)	(4,098)	(558)	(8,924)	3,814
(Increase) decrease in deferred outflows of resources	(2,947)	(5,182)	(1,385)	(9,514)	(575)
Increase (decrease) in customer deposits	(1,468)	(22,969)	-	(24,437)	-
Increase (decrease) in operating payables	9,567	580,006	8,262	597,835	23,823
Increase (decrease) in salaries and wages payable	6,243	4,605	370	11,218	3,734
Increase (decrease) in compensated absences	4,912	8,806	(6,688)	7,030	(316)
Increase (decrease) in net pension liability	(228,876)	(402,485)	(107,558)	(738,919)	(44,686)
Increase (decrease) in deferred inflows of resources	186,312	327,633	87,555	601,500	36,375
Total adjustments	<u>\$ 799,366</u>	<u>\$ 932,447</u>	<u>\$ 84,623</u>	<u>\$ 1,816,436</u>	<u>\$ 35,395</u>
Net cash provided by (used for) by operating activities	<u>\$ 879,465</u>	<u>\$ 2,894,886</u>	<u>\$ (59,660)</u>	<u>\$ 3,714,691</u>	<u>\$ 42,561</u>
<b>Schedule of non-cash capital activities</b>					
Contribution of capital assets (at net book value)	\$ 15,000	\$ -	\$ -	\$ 15,000	\$ -

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, 2015

---

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 79,469
Total assets	<u>\$ 79,469</u>
<b>LIABILITIES</b>	
Amounts held for social services clients	\$ 6,347
Amounts held for Highlander Festival	23,317
Amounts held for CSA program	45,372
Amounts held for employees	4,433
Total liabilities	<u>\$ 79,469</u>

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

CITY OF RADFORD, VIRGINIA

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2015

---

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

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

Jointly Governed Organizations - The City jointly governs the Pepper's Ferry Regional Wastewater Treatment Authority with the Board of Supervisors for the Counties of Pulaski and Montgomery and the Town Councils of the Towns of Dublin and Pulaski. The Authority was created to operate a wastewater equalization, pumping, treatment, and disposal system for its members. The City appoints two members to the Authority's board of directors. During the current fiscal year, the City paid \$1,519,283 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 \$198,263 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 \$901,086 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 government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

1. Cash and cash equivalents

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

2. Investments

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

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

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

3. Receivables and payables

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

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 5<sup>th</sup> and on December 5<sup>th</sup>. Personal property taxes are due and collectible annually on December 5<sup>th</sup>. The City bills and collects its own property taxes.

5. Allowance for Uncollectible Accounts

The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$1,394,406 at June 30, 2015. The allowance consists of delinquent taxes in the amount of \$85,670, delinquent ambulance bills of \$52,327, delinquent utility tax bills of \$21,370, delinquent water and sewer bills of \$194,022, delinquent solid waste fees of \$73,021, and delinquent electric bills of \$967,996.

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

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

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

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

7. Capital assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized for the fiscal year ending June 30, 2015.

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is comprised contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on these items, reference the pension note.

**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 (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments. Under the modified accrual basis of accounting, these amounts are deferred and recognized as an inflow of resources in the period that the amounts becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

9. Compensated Absences

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

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.

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

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

11. Long-term obligations

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

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

12. Net Position

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

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

13. 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.

14. Inventories and prepaid items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

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

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

15. Fund equity

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

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

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

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

**Note 2-Stewardship, Compliance, and Accountability:**

A. Budgetary information

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

1. Prior to March 30, the City Manager submits to the City Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. All of the City's funds, excluding fiduciary funds, have legally adopted budgets.

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

A. Budgetary information (Continued)

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

B. Excess of expenditures over appropriations

For the year ended June 30, 2015, no expenditures exceeded appropriations.

C. Deficit fund equity

At June 30, 2015, the Highway Maintenance Fund reported a deficit in fund equity.

**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.

*Remaining portion of this page left blank intentionally.*

Note 3-Deposits and Investments: (Continued)

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The City has not adopted an investment policy for credit risk. The City's rated debt investments as of June 30, 2015 were rated by Standard and Poor's rating scale and the ratings are presented below.

<u>City's Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ 5,040,316

External Investment Pools

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

*Remaining portion of this page left blank intentionally.*

**Note 4-Due from Other Governmental Units:**

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

	<u>Primary Government</u>
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 160,198
Local communication tax	122,129
Categorical aid-other	1,145,950
Non-categorical aid	32,431
Categorical aid-Virginia Public Assistance	38,787
Categorical aid-Comprehensive Services Act	183,948
<u>Federal Government:</u>	
Categorical aid-Virginia Public Assistance	56,231
Categorical aid-other	<u>1,741,961</u>
Total	<u>\$ 3,481,635</u>

*Remaining portion of this page left blank intentionally.*

**Note 5-Interfund Transfers/Component Unit Contributions:**

Interfund transfers for the year ended June 30, 2015, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 3,752,920	\$ 149,299
Capital Projects Fund	260,000	437,473
Grants Fund	4,813	-
Transit Fund	144,486	-
Solid Waste Fund	-	-
Electric Fund	-	3,560,447
Water and Sewer Fund*	15,000	-
Highway Maintenance Fund	-	15,000
Internal Service Fund	-	-
Asset Transfers*	(15,000)	-
Total	<u>\$ 4,162,219</u>	<u>\$ 4,162,219</u>

\*Assets with net book value of \$15,000 were transferred from the General Fund to the Water and Sewer Fund. See Note 11 for more details.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Component unit contributions for the year ended June 30, 2015, consisted of the following:

Component Unit:	
School Board	\$ 4,993,226
Industrial Development Authority	174,783
Total	<u>\$ 5,168,009</u>

Primary government contributions to the School Board include the transfer of funds for debt-financed projects and contributions to the Industrial Development Authority includes capital contribution of land.

*Remaining portion of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 6-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, 2015.

	Balance July 1, 2014, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
General Obligation Bonds	\$ 22,566,904	\$ 5,875,000	\$ (7,284,406)	\$ 21,157,498
Unamortized Premium	492,874	519,645	(46,930)	965,589
Capital Lease	202,614	-	(48,238)	154,376
Net OPEB obligation	69,667	14,303	(9,051)	74,919
Compensated Absences	630,558	560,896	(472,919)	718,535
Net pension liability	7,965,394	3,187,379	(5,482,222)	5,670,551
<b>Total</b>	<b>\$ 31,928,011</b>	<b>\$ 10,157,223</b>	<b>\$ (13,343,766)</b>	<b>\$ 28,741,468</b>

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

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2016	\$ 911,115	\$ 908,801
2017	940,705	893,950
2018	972,405	854,823
2019	862,408	814,680
2020	826,025	775,842
2021-2025	4,554,077	3,236,134
2026-2030	5,035,764	2,029,653
2031-2035	3,920,000	1,019,797
2036-2040	2,300,000	395,963
2041-2043	834,999	29,992
<b>Totals</b>	<b>\$ 21,157,498</b>	<b>\$ 10,959,635</b>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 6-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
General Obligation Bonds:						
GO Bond	4.6-5.1%	5/15/2008	2034	8,120,000	\$ 6,980,000	\$ 225,000
GO Bond	3.6-5.35%	12/11/2008	2029	5,797,690	4,307,513	259,059
GO Bond	Libor + .02%	7/15/2010	2025	425,000	328,000	26,000
GO Bond	2.42%	12/18/2012	2020	1,385,906	781,985	206,056
GO Bond	3.22%	12/6/2012	2043	2,885,000	2,885,000	55,000
GO Bond	3.089-5.125%	5/13/2015	2041	5,875,000	5,875,000	140,000
Subtotal GO Bonds					\$ 21,157,498	\$ 911,115
Add: Bond Premium	n/a	n/a	n/a	n/a	\$ 180,885	\$ -
Bond Premium	n/a	n/a	n/a	n/a	103,196	-
Bond Premium	n/a	n/a	n/a	n/a	161,863	-
Bond Premium	n/a	n/a	n/a	n/a	519,645	-
Total Bond Premium					\$ 965,589	\$ -
Total GO Bonds					\$ 22,123,087	\$ 911,115
Other Obligations:						
Capital Lease	n/a	n/a	n/a	n/a	154,376	48,238
Net OPEB Obligation	n/a	n/a	n/a	n/a	74,919	-
Compensated Absences	n/a	n/a	n/a	n/a	718,535	538,901
Net Pension Liability	n/a	n/a	n/a	n/a	5,670,551	-
Total Long-term Obligations					\$ 28,741,468	\$ 1,498,254

*Remaining portion of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 6-Long-Term Obligations: (Continued)**

Primary Government - Business-type Activities Indebtedness:

The following is a summary of long-term debt transactions of the Enterprise Funds for the year ended June 30, 2015.

	Balance July 1, 2014, as restated	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2015
Revenue Bonds	\$ 892,792	\$ -	\$ (38,437)	\$ 854,355
General Obligation Bonds	2,615,444	-	(614,211)	2,001,233
Compensated Absences	248,726	193,575	(186,545)	255,756
Net Pension Liability	2,564,791	1,026,310	(1,765,229)	1,825,872
<b>Total</b>	<b>\$ 6,321,753</b>	<b>1,219,885</b>	<b>\$ (2,604,422)</b>	<b>\$ 4,937,216</b>

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

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

Year Ending June 30,	Water/Wastewater Fund			
	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 38,437	\$ -	\$ 548,298	\$ 31,442
2017	38,437	-	493,786	19,828
2018	38,437	-	478,781	9,584
2019	38,437	-	193,099	2,124
2020	38,437	-	53,681	253
2021-2025	192,183	-	44,786	-
2026-2030	154,450	-	-	-
2031-2035	150,258	-	-	-
2036-2040	150,258	-	-	-
2041	15,021	-	-	-
<b>Totals</b>	<b>\$ 854,355</b>	<b>\$ -</b>	<b>\$ 1,812,431</b>	<b>\$ 63,231</b>

*Remaining portion of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

Note 6-Long-Term Obligations: (Continued)

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

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

Year Ending June 30,	Electric Fund	
	General Obligation	
	Principal	Interest
2016	\$ 49,750	\$ 3,033
2017	55,317	2,264
2018	56,428	1,154
2019	22,044	256
2020	5,263	31
Totals	<u>\$ 188,802</u>	<u>\$ 6,738</u>

*Remaining portion of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 6-Long-Term Obligations: (Continued)**

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

Details of long-term indebtedness:

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Business-type Activities</u>	<u>Amount Due Within One Year</u>
<b>Water/Wastewater Fund</b>						
Revenue Bonds:						
Revenue Bond	0.00%	9/29/2005	2026	\$ 167,700	\$ 88,042	\$ 8,385
Revenue Bond	0.00%	1/1/2010	2041	901,546	766,312	30,052
Total Revenue Bonds					<u>\$ 854,354</u>	<u>\$ 38,437</u>
General Obligation Bonds:						
GO Bond	2.97%	8/1/1996	2016	\$ 2,500,000	\$ 149,236	\$ 125,000
GO Bond	0.00%	7/30/2004	2024	337,660	94,537	9,951
GO Bond	2.42%	12/18/2012	2020	2,687,077	1,568,659	413,347
Total General Obligation Bonds					<u>\$ 1,812,432</u>	<u>\$ 548,298</u>
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 80,087	\$ 60,065
Net Pension Liability	n/a	n/a	n/a	n/a	565,558	-
Total Other Obligations					<u>\$ 645,645</u>	<u>\$ 60,065</u>
Total Long-term Obligations-Water/Sewer Fund					<u>\$ 3,312,431</u>	<u>\$ 646,800</u>
<b>Electric Fund</b>						
General Obligation Bonds:						
GO Bond	2.42%	12/18/2012	2020	\$ 292,065	\$ 188,802	\$ 49,750
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 157,592	\$ 118,194
Net Pension Liability	n/a	n/a	n/a	n/a	994,539	-
Total Other Obligations					<u>\$ 1,152,131</u>	<u>\$ 118,194</u>
Total Long-term Obligations-Electric Fund					<u>\$ 1,340,933</u>	<u>\$ 167,944</u>
<b>Solid Waste Fund</b>						
Other Obligations:						
Compensated Absences	n/a	n/a	n/a	n/a	\$ 18,077	\$ 13,558
Net Pension Liability	n/a	n/a	n/a	n/a	265,775	-
Total Other Obligations					<u>\$ 283,852</u>	<u>\$ 13,558</u>
Total Long-term Obligations-Solid Waste Fund					<u>\$ 283,852</u>	<u>\$ 13,558</u>
Total Long-term Obligations					<u>\$ 4,937,216</u>	<u>\$ 828,302</u>

**Note 7-Pension Plan:**

*Plan Description*

All full-time, salaried permanent employees of the City are automatically covered by the VRS Retirement Plan upon employment. This plan is a single agent employer plan and 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.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

<b>RETIREMENT PLAN PROVISIONS</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1</b>                      Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><b>About Plan 2</b>                      Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>About the Hybrid Retirement Plan</b>                      The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> </ul>

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
		<ul style="list-style-type: none"> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b>                      Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b>                      VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b>                      Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b>                      Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b>                      Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul> <p><b>*Non-Eligible Members</b>                      Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul>

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Hybrid Opt-In Election (Cont.)</b>                      Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><b>Hybrid Opt-In Election (Cont.)</b>                      Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><b>*Non-Eligible Members (Cont.)</b>                      Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b>                      Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b>                      Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p><b>Retirement Contributions</b>                      A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Creditable Service</b>                      Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Creditable Service</b>                      Same as Plan 1.</p>	<p><b>Creditable Service</b>  <b><u>Defined Benefit Component:</u></b>                      Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b><u>Defined Contributions Component:</u></b>                      Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Vesting</b>                      Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b>                      Same as Plan 1.</p>	<p><b>Vesting</b>  <u><b>Defined Benefit Component:</b></u>                      Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u><b>Defined Contributions Component:</b></u>                      Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Vesting (Cont.)</b></p>	<p><b>Vesting (Cont.)</b></p>	<p><b>Vesting (Cont.)</b>  <u><b>Defined Contributions Component: (Cont.)</b></u>                      Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p><b>Calculating the Benefit</b>                      The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p><b>Calculating the Benefit</b>                      See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <u><b>Defined Benefit Component:</b></u>                      See definition under Plan 1</p>

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Calculating the Benefit (Cont.)</b>                      An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><b>Calculating the Benefit (Cont.)</b></p>	<p><b>Calculating the Benefit (Cont.)</b>  <u><b>Defined Contribution Component:</b></u>                      The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b>                      A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>                      A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>                      Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b>  <u><b>Defined Benefit Component:</b></u>  <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b>                      Not applicable.</p>

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Normal Retirement Age</b>                      VRS: Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b>                      Age 60.</p>	<p><b>Normal Retirement Age</b>                      VRS: Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b>                      Same as Plan 1.</p>	<p><b>Normal Retirement Age</b>  <u><b>Defined Benefit Component:</b></u>                      VRS: Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u>                      Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b>                      VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b>                      Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>                      VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b>                      Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <u><b>Defined Benefit Component:</b></u>                      VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><u><b>Defined Contribution Component:</b></u>                      Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b>                      VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>                      VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <u><b>Defined Benefit Component:</b></u>                      VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility (Cont.)</b></p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b>                      Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b>                      For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b>                      Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p><b><u>Defined Benefit Component:</u></b>                      Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b>                      Not applicable.</p> <p><b><u>Eligibility:</u></b>                      Same as Plan 1 and Plan 2.</p>

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u>                      The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u>                      Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u>                      Same as Plan 1 and Plan 2.</p>

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Disability Coverage</b>                      Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b>                      Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b>                      Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b>                      Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b>                      Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b>  <u><b>Defined Benefit Component:</b></u>                      Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>•Hybrid Retirement Plan members are ineligible for ported service.</li> <li>•The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>•Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.</li> </ul> <p><u><b>Defined Contribution Component:</b></u>                      Not applicable.</p>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 7-Pension Plan: (Continued)**

*Plan Description (Continued)*

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

*Employees Covered by Benefit Terms*

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	159
Inactive members:	
Vested inactive members	44
Non-vested inactive members	36
Inactive members active elsewhere in VRS	<u>90</u>
Total inactive members	170
Active members	<u>215</u>
Total covered employees	<u><u>544</u></u>

*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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The City’s contractually required contribution rate for the year ended June 30, 2015 was 13.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

**Note 7-Pension Plan: (Continued)**

*Contributions (Continued)*

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 \$1,280,575 and \$1,241,514 for the years ended June 30, 2015 and June 30, 2014, respectively.

*Net Pension Liability*

The City's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

*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, 2013, 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, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

*Remaining portion of this page left blank intentionally.*

**Note 7-Pension Plan: (Continued)**

*Actuarial Assumptions - General Employees (Continued)*

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**Note 7-Pension Plan: (Continued)**

*Actuarial Assumptions - Public Safety Employees*

The total pension liability for Public Safety employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

Inflation	2.5%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

Note 7-Pension Plan: (Continued)

*Actuarial Assumptions - Public Safety Employees (Continued)*

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

*Remaining portion of this page left blank intentionally.*

**Note 7-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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

\* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

*Remaining portion of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015Note 7-Pension Plan: (Continued)*Discount Rate*

The discount rate used to measure the total pension liability was 7.00%. 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. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the City Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed 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, 2013	\$ 45,730,960	\$ 35,200,775	\$ 10,530,185
Changes for the year:			
Service cost	\$ 1,057,024	\$ -	\$ 1,057,024
Interest	3,126,776	-	3,126,776
Differences between expected and actual experience	-	-	-
Contributions - employer	-	1,241,514	(1,241,514)
Contributions - employee	-	470,159	(470,159)
Net investment income	-	5,535,488	(5,535,488)
Benefit payments, including refunds of employees contributions	(2,125,449)	(2,125,449)	-
Administrative expenses	-	(29,889)	29,889
Other changes	-	291	(291)
Net changes	\$ 2,058,351	\$ 5,092,114	\$ (3,033,763)
Balances at June 30, 2014	\$ 47,789,311	\$ 40,292,889	\$ 7,496,422

**Note 7-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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
City Net Pension Liability	13,857,659	7,496,422	2,221,680

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

For the year ended June 30, 2015, the City recognized pension expense of \$677,313. At June 30, 2015, 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	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,469,562
Employer contributions subsequent to the measurement date	1,280,575	-
<b>Total</b>	<b>\$ 1,280,575</b>	<b>\$ 2,469,562</b>

*Remaining portion of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 7-Pension Plan: (Continued)**

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

\$1,280,575 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 year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>		
2016	\$	(617,390)
2017		(617,390)
2018		(617,391)
2019		(617,391)
Thereafter		-

**Note 8-Other Postemployment Benefits-Health Insurance:**

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

**A. Plan Description**

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

*Remaining portion of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 8-Other Postemployment Benefits-Health Insurance: (Continued)**

B. Funding Policy

The City currently pays for post-retirement health care benefits on a pay-as-you-go basis. The City currently has 45 employees that are eligible for the program. In addition, for retirees of the City, 100 percent of premiums are the responsibility of the retiree. The rates were as follows at June 30, 2014:

<u>Participants</u>	<u>Monthly Premium</u>
Employee	\$ 594

The City is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

C. Annual OPEB Cost and Net OPEB Obligation

For 2015, the City's annual OPEB cost (expense) was \$14,303 and the ARC was \$14,207. The obligation calculation is as follows:

Annual required contribution	\$ 14,207
Interest on net OPEB obligation	2,787
Adjustment to annual required contribution	<u>(2,691)</u>
Annual OPEB cost (expense)	\$ 14,303
Contributions made	<u>9,051</u>
Increase in net OPEB obligation	\$ 5,252
Net OPEB obligation - beginning of year	<u>69,667</u>
Net OPEB obligation - ending of year	\$ 74,919

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 14,303	63%	\$ 74,919
6/30/2014	17,902	51%	69,667
6/30/2013	19,895	53%	60,816

*Remaining portion of this page left blank intentionally.*

**Note 8-Other Postemployment Benefits-Health Insurance: (Continued)**

D. Funded Status and Funding Progress

The funded status of the Plan as of June 30, 2015 (the most recent valuation date), was as follows:

Actuarial accrued liability (AAL)	\$ 225,100
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 225,100
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 1,690,795
UAAL as a percentage of covered payroll	13.31%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multiyear trend information, as it becomes available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015, the most recent actuarial valuation, the entry age normal actuarial cost method was used. Under this method, stable employer contributions are produced in amounts that increase at the same rate as the employer's payroll. The actuarial assumptions included: inflation at 3.0%, an investment rate of return at 4.0%, and a health care trend rate of 4.70% graded to 5.30%. The UAAL is being amortized as a level percentage on an open basis over the remaining amortization period, which at June 30, 2015, was 25.89 years.

*Remaining portion of this page left blank intentionally.*

**Note 9-Other Postemployment Benefits - VRS Health Insurance Credit:**

A. Plan Description

The City participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is an agent and cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

An employee of the City, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$1.50 per year of creditable service up to a maximum monthly credit of \$45. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive the maximum monthly health insurance credit of \$45.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 7.

B. Funding Policy

As a participating local political subdivision, the City is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The City's contribution rate for the fiscal year ended 2015 was 0.31% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The City is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

C. Annual OPEB Cost and Net OPEB Obligation: (Continued)

For 2015, the City's contribution of \$30,205 was equal to the ARC and OPEB cost. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years are as follows:

	Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
Primary Government:				
City	6/30/2015	\$ 30,205	100.00%	\$ -
	6/30/2014	22,720	100.00%	-
	6/30/2013	22,606	100.00%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 472,069
Actuarial value of plan assets	\$ 200,667
Unfunded actuarial accrued liability (UAAL)	\$ 271,402
Funded ratio (actuarial value of plan assets/AAL)	42.51%
Covered payroll (active plan members)	\$ 7,777,846
UAAL as a percentage of covered payroll	3.49%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2014 was 20-29 years.

The Retiree Health Insurance Credit benefit is based on a member's employer eligibility and his or her years of service. The monthly maximum credit amount cannot exceed the member's actual health insurance premium costs. The actuarial valuation for this plan assumes the maximum credit is payable for each eligible member. Since this benefit is a flat dollar amount multiplied by years of service and the maximum benefit is assumed, no assumption relating to healthcare cost trend rates is needed or applied.

**Note 10-Unavailable/Unearned Revenue:**

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable revenue totaling \$3,481,629 and unearned revenue totaling \$25,020 is comprised of the following:

Unavailable revenue

Unavailable property tax revenue totaling \$3,430,636 represent uncollected property tax billings that are not available for the funding of current expenditures, totaling \$3,209,143, and prepaid property taxes not due until December 5, 2015 but paid prior to June 30, 2015, totaling \$221,493.

Unavailable ambulance billings totaling \$50,993 represent uncollected ambulance billings that are not available for the funding of current expenditures.

Unearned revenue

Booth rentals and donations for the City's July 4<sup>th</sup> celebration received in advance of year end totaled \$25,020.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 11-Capital Assets:**

Capital asset activity for the year ended June 30, 2015 was as follows:

Primary Government: (including internal service fund)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,593,925	\$ -	\$ (174,783)	\$ 2,419,142
Construction in progress	4,527,236	1,911,482	(465,159)	5,973,559
Total capital assets not being depreciated	<u>\$ 7,121,161</u>	<u>\$ 1,911,482</u>	<u>\$ (639,942)</u>	<u>\$ 8,392,701</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 37,117,529	\$ 5,990	\$ -	\$ 37,123,519
Infrastructure	50,477,955	450,160	-	50,928,115
Machinery and equipment	11,699,867	669,218	(407,059)	11,962,026
Total capital assets being depreciated	<u>\$ 99,295,351</u>	<u>\$ 1,125,368</u>	<u>\$ (407,059)</u>	<u>\$ 100,013,660</u>
Accumulated depreciation:				
Buildings and improvements	\$ (6,533,615)	\$ (800,275)	\$ -	\$ (7,333,890)
Infrastructure	(29,868,630)	(817,226)	-	(30,685,856)
Machinery and equipment	(7,192,533)	(910,017)	385,525	(7,717,025)
Total accumulated depreciation	<u>\$ (43,594,778)</u>	<u>\$ (2,527,518)</u>	<u>\$ 385,525</u>	<u>\$ (45,736,771)</u>
Total capital assets being depreciated, net	<u>\$ 55,700,573</u>	<u>\$ (1,402,150)</u>	<u>\$ (21,534)</u>	<u>\$ 54,276,889</u>
Governmental activities capital assets, net	<u>\$ 62,821,734</u>	<u>\$ 509,332</u>	<u>\$ (661,476)</u>	<u>\$ 62,669,590</u>

Asset additions include assets transferred from other funds of \$82,083. Depreciation addition includes accumulated depreciation on assets transferred from other funds of \$82,083. Asset deletions include assets transferred to other funds and component units of \$22,900 and \$174,783, respectively. Depreciation deletions include accumulated depreciation on assets transferred to other funds of \$7,900.

*Remaining portion of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

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

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 712,498	\$ -	\$ -	\$ 712,498
Construction in progress	28,474	15,040	(28,474)	15,040
Total capital assets not being depreciated	<u>\$ 740,972</u>	<u>\$ 15,040</u>	<u>\$ (28,474)</u>	<u>\$ 727,538</u>
Capital assets, being depreciated:				
Buildings and structures	\$ 452,116	\$ 7,312	\$ -	\$ 459,428
Machinery and equipment	4,799,579	374,450	(186,073)	4,987,956
Plant and infrastructure	47,008,285	15,000	-	47,023,285
Total capital assets being depreciated	<u>\$ 52,259,980</u>	<u>\$ 396,762</u>	<u>\$ (186,073)</u>	<u>\$ 52,470,669</u>
Accumulated depreciation:				
Buildings and structures	\$ (183,699)	\$ (13,245)	\$ -	\$ (196,944)
Machinery and equipment	(3,014,944)	(358,630)	178,914	(3,194,660)
Plant and infrastructure	(30,711,157)	(1,303,451)	-	(32,014,608)
Total accumulated depreciation	<u>\$ (33,909,800)</u>	<u>\$ (1,675,326)</u>	<u>\$ 178,914</u>	<u>\$ (35,406,212)</u>
Total capital assets being depreciated, net	<u>\$ 18,350,180</u>	<u>\$ (1,278,564)</u>	<u>\$ (7,159)</u>	<u>\$ 17,064,457</u>
Business-type activities capital assets, net	<u>\$ 19,091,152</u>	<u>\$ (1,263,524)</u>	<u>\$ (35,633)</u>	<u>\$ 17,791,995</u>

Asset additions include assets transferred from other funds of \$22,900. Depreciation addition includes accumulated depreciation on assets transferred from other funds of \$7,900. Asset deletions include assets transferred to other funds of \$82,083. Depreciation deletions include accumulated depreciation on assets transferred to other funds of \$82,083.

*Remaining portion of this page left blank intentionally.*

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

Primary Government: (Continued)

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

Governmental activities:	
General government administration	\$ 163,594
Judicial administration	13,063
Public safety	453,121
Public works	940,142
Education	278,354
Parks, recreation, and culture	289,651
Community Development	296,973
Internal service funds	<u>10,537</u>
Total depreciation expense-governmental activities	<u>\$ 2,445,435</u>
Business type activities:	
Water and Sewer Fund	\$ 899,414
Electric Fund	656,079
Solid Waste Fund	<u>111,933</u>
Total depreciation expense-business type activities	<u>\$ 1,667,426</u>

Certain capital assets have been transferred between funds; thus, the asset cost and accumulated depreciation were reported as additions in the current year.

*Remaining portion of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 12-Capital Leases:**

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

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

	<u>Fire Truck</u>
Machinery & Equipment	\$ 900,638
Accumulated Depreciation	<u>(225,332)</u>
Total	<u><u>\$ 675,306</u></u>

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

Fiscal Year Ended	Leases
2016	\$ 54,770
2017	54,645
2018	<u>54,516</u>
Total minimum lease payments	\$ 163,931
Less: amount representing interest	<u>(9,555)</u>
Present value of minimum lease payments	<u><u>\$ 154,376</u></u>

**Note 13-Risk Management:**

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

*Remaining portion of this page left blank intentionally.*

**Note 14-Contingent Liabilities:**

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

**Note 15-Surety Bonds:**

Primary Government:

<u>Fidelity &amp; Deposit Company of Maryland-Surety:</u>	
Ann Howard, Clerk of Circuit Court	\$ 190,000
Janet H. Jones, Treasurer	500,000
Cathy Flinchum, Commissioner of Revenue	3,000
Mark Armentrout, Sherriff	30,000

**Note 16-Commitments and Contingencies:**

The City leases real estate, which it uses to provide additional public parking downtown. The lease terms call for monthly payments of \$4,068 with potential increases at every five-year renewal. The rental increases will be based on the consumer price index. The City may renew the lease for an additional five years after the current lease expires. The renewal terms will expire in 2017.

**Note 17-Arbitrage Rebate Compliance:**

As of June 30, 2015, and for the year then ended, the City was not liable for any amounts due under current rules governing arbitrage earnings.

*Remaining portion of this page left blank intentionally.*

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 18-Restricted and Committed Fund Balance:**

Governmental Activities/Funds:	General Fund	Capital Projects Fund	Transit Fund	Highway Maintenance Fund	Grants Fund	Total
Restricted:						
Hazmat operations	\$ 191,952	\$ -	\$ -	\$ -	\$ -	\$ 191,952
Fire donations	72,313	-	-	-	-	72,313
Police department	32,970	-	-	-	-	32,970
Four for life program	33,124	-	-	-	-	33,124
Fire programs	352,455	-	-	-	-	352,455
Recreation donations	76,874	-	-	-	-	76,874
Library donations	6,539	-	-	-	-	6,539
Courthouse maintenance	11,436	-	-	-	-	11,436
Law library	10,693	-	-	-	-	10,693
Beautification donations	13,538	-	-	-	-	13,538
Inmate booking	16,982	-	-	-	-	16,982
Transit operations	-	-	211,430	-	-	211,430
<b>Total restricted balances</b>	<b>\$ 818,876</b>	<b>\$ -</b>	<b>\$ 211,430</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,030,306</b>
Committed funds:						
Project lifesaver	\$ 1,280	\$ -	\$ -	\$ -	\$ -	\$ 1,280
Volunteer service awards	52,335	-	-	-	-	52,335
DMV revenues	43,951	-	-	-	-	43,951
School Board	3,103,660	-	-	-	-	3,103,660
Capital projects	-	568,649	-	-	-	568,649
Grants fund	-	-	-	-	5,418	5,418
<b>Total committed balances</b>	<b>\$ 3,201,226</b>	<b>\$ 568,649</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,418</b>	<b>\$ 3,775,293</b>

**Note 19-Litigation:**

At June 30, 2015, there were no matters of litigation involving the City for which would materially affect the City's financial position should any court decisions on pending matters not be favorable to the City.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 20-Adoption of Accounting Principles:**

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The Town implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the following restatement of net position:

	Governmental Activities	Business-type Activities
Net Position, July 1, 2014, as previously stated	\$ 48,239,077	\$ 27,400,660
Net pension liability	(7,965,394)	(2,564,791)
Deferred outflow	939,124	302,390
Net Position, July 1, 2014, as restated	<u>\$ 41,212,807</u>	<u>\$ 25,138,259</u>

**Note 21-Upcoming Pronouncements:**

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

**Note 21-Upcoming Pronouncements: (Continued)**

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

## Required Supplementary Information

City of Radford, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 7,799,924	\$ 7,799,924	\$ 7,748,164	\$ (51,760)
Other local taxes	4,075,584	4,075,584	3,824,661	(250,923)
Permits, privilege fees, and regulatory licenses	42,908	42,908	45,775	2,867
Fines and forfeitures	256,000	261,440	265,823	4,383
Revenue from the use of money and property	176,274	176,274	158,930	(17,344)
Charges for services	653,750	653,750	662,039	8,289
Miscellaneous	2,174,415	2,182,350	2,224,054	41,704
Recovered costs	-	49,710	66,411	16,701
Intergovernmental:				
Commonwealth	4,879,381	4,826,229	4,527,762	(298,467)
Federal	753,178	755,792	756,945	1,153
Total revenues	\$ 20,811,414	\$ 20,823,961	\$ 20,280,564	\$ (543,397)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 2,544,418	\$ 2,637,886	\$ 2,636,539	\$ 1,347
Judicial administration	1,221,389	1,230,440	1,222,250	8,190
Public safety	6,708,871	7,150,342	7,110,030	40,312
Public works	990,084	1,035,452	1,032,541	2,911
Health and welfare	3,234,097	2,921,634	2,921,634	-
Education	5,646,391	5,646,391	5,000,089	646,302
Parks, recreation, and cultural	2,031,189	2,055,415	2,055,115	300
Community development	437,335	447,765	447,765	-
Debt service:				
Principal retirement	1,642,103	1,642,103	1,039,692	602,411
Interest and other fiscal charges	383,971	378,927	953,439	(574,512)
Bond issuance costs	-	27,423	112,770	(85,347)
Total expenditures	\$ 24,839,848	\$ 25,173,778	\$ 24,531,864	\$ 641,914
Excess (deficiency) of revenues over (under) expenditures	\$ (4,028,434)	\$ (4,349,817)	\$ (4,251,300)	\$ 98,517
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 3,752,920	\$ 3,752,920	\$ 3,752,920	\$ -
Transfers out	(144,486)	(149,299)	(149,299)	-
Refunding bonds issued	-	-	5,875,000	5,875,000
Premium on refunding bonds issued	-	-	519,645	519,645
Debt service - principal	-	-	(6,266,952)	(6,266,952)
Sale of capital assets	20,000	20,000	10,877	(9,123)
Total other financing sources (uses)	\$ 3,628,434	\$ 3,623,621	\$ 3,742,191	\$ 118,570
Net change in fund balances	\$ (400,000)	\$ (726,196)	\$ (509,109)	\$ 217,087
Fund balances - beginning	400,000	726,196	7,018,204	6,292,008
Fund balances - ending	\$ -	\$ -	\$ 6,509,095	\$ 6,509,095

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 37,610	\$ 37,610	\$ 26,230	\$ (11,380)
Miscellaneous	630,177	630,177	313,689	(316,488)
Intergovernmental:				
Commonwealth	486,055	486,055	288,893	(197,162)
Federal	2,920,603	2,920,603	698,265	(2,222,338)
Total revenues	\$ 4,074,445	\$ 4,074,445	\$ 1,327,077	\$ (2,747,368)
<b>EXPENDITURES</b>				
Current:				
Community development	\$ 4,218,931	\$ 4,219,527	\$ 1,422,694	\$ 2,796,833
Total expenditures	\$ 4,218,931	\$ 4,219,527	\$ 1,422,694	\$ 2,796,833
Excess (deficiency) of revenues over (under) expenditures	\$ (144,486)	\$ (145,082)	\$ (95,617)	\$ 49,465
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 144,486	\$ 144,486	\$ 144,486	\$ -
Total other financing sources (uses)	\$ 144,486	\$ 144,486	\$ 144,486	\$ -
Net change in fund balances	\$ -	\$ (596)	\$ 48,869	\$ 49,465
Fund balances - beginning	\$ -	\$ 596	162,561	161,965
Fund balances - ending	\$ -	\$ -	\$ 211,430	\$ 211,430

Note: GAAP serves as the budgetary basis of accounting

City of Radford, Virginia  
 Schedule of Components of and Changes in Net Pension Liability and Related Ratios  
 For the Year Ended June 30, 2015

	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 1,057,024
Interest	3,126,776
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of employee contributions	(2,125,449)
<b>Net change in total pension liability</b>	<u>\$ 2,058,351</u>
<b>Total pension liability - beginning</b>	45,730,960
<b>Total pension liability - ending (a)</b>	<u><u>\$ 47,789,311</u></u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,241,514
Contributions - employee	470,159
Net investment income	5,535,488
Benefit payments, including refunds of employee contributions	(2,125,449)
Administrative expense	(29,889)
Other	291
<b>Net change in plan fiduciary net position</b>	<u>\$ 5,092,114</u>
<b>Plan fiduciary net position - beginning</b>	35,200,775
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 40,292,889</u></u>
<b>Political subdivision's net pension liability - ending (a) - (b)</b>	\$ 7,496,422
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	84.31%
<b>Covered-employee payroll (2014 fiscal year)</b>	\$ 9,405,837
<b>Political subdivision's net pension liability as a percentage of covered-employee payroll</b>	79.70%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

City of Radford, Virginia  
 Schedule of Employer Contributions  
 For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2015	\$ 1,280,575	\$ 1,280,575	\$ -	\$ 9,743,411	13.14%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

City of Radford, Virginia  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2015

---

**Changes of benefit terms** - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

**Changes of assumptions** - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

**Largest 10 - Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**Largest 10 - LEOS:**

- Update mortality table
- Decrease in male rates of disability

**All Others (Non 10 Largest) - Non-LEOS:**

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

**All Others (Non 10 Largest) - LEOS:**

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

## City of Radford, Virginia

Schedule of OPEB Funding Progress  
For the Year Ended June 30, 2015Primary Government  
City Retirees Healthcare Plan

Actuarial Valuation as of(1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio Assets as % of AAL (2)/(3) (5)	Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
6/30/2015	\$ -	\$ 225,100	\$ 225,100	0.00%	\$ 1,690,795	13.31%
6/30/2014	-	282,800	282,800	0.00%	1,491,973	18.95%
6/30/2012	-	309,429	309,429	0.00%	1,624,980	19.04%

## Health Insurance Credit Plan

Actuarial Valuation as of (1)	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded AAL (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Covered Payroll (6)	UAAL as a % of Covered Payroll (4)/(6) (7)
6/30/2015	\$ 200,667	\$ 472,069	\$ 271,402	42.51%	\$ 7,777,846	3.49%
6/30/2014	184,328	470,434	286,106	39.18%	7,629,433	3.75%
6/30/2013	174,920	463,267	288,347	37.76%	6,903,229	4.18%

## Other Supplementary Information

City of Radford, Virginia  
Capital Projects Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental:				
Commonwealth	\$ 577,538	\$ 577,538	\$ 577,537	\$ (1)
Federal	500,000	500,000	500,000	-
Total revenues	<u>\$ 1,077,538</u>	<u>\$ 1,077,538</u>	<u>\$ 1,077,537</u>	<u>\$ (1)</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 1,951,624	\$ 1,966,624	\$ 1,768,169	\$ 198,455
Total expenditures	<u>\$ 1,951,624</u>	<u>\$ 1,966,624</u>	<u>\$ 1,768,169</u>	<u>\$ 198,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (874,086)</u>	<u>\$ (889,086)</u>	<u>\$ (690,632)</u>	<u>\$ 198,454</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 260,000	\$ 260,000	\$ -
Transfers out	-	(437,473)	(437,473)	-
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (177,473)</u>	<u>\$ (177,473)</u>	<u>\$ -</u>
Net change in fund balances	\$ (874,086)	\$ (1,066,559)	\$ (868,105)	\$ 198,454
Fund balances - beginning	874,086	1,066,559	1,437,654	371,095
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 569,549</u>	<u>\$ 569,549</u>

City of Radford, Virginia  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	<u>Special Revenue Funds</u>		
	<u>Grants Fund</u>	<u>Highway Maintenance Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 498,596	\$ 498,596
Receivables (net of allowance for uncollectibles)			
Accounts receivable	-	32,193	32,193
Due from other governmental units	117,716	-	117,716
Prepaid items	766	14,125	14,891
Total assets	<u>\$ 118,482</u>	<u>\$ 544,914</u>	<u>\$ 663,396</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 92,454	\$ 345,960	\$ 438,414
Accrued wages payable	3,287	42,761	46,048
Accrued vacation and sick pay	-	13,151	13,151
Due to other funds	-	241,817	241,817
Reconciled overdraft	16,557	-	16,557
Total liabilities	<u>\$ 112,298</u>	<u>\$ 643,689</u>	<u>\$ 755,987</u>
Fund balances:			
Nonspendable	\$ 766	\$ 14,125	\$ 14,891
Committed	5,418	-	5,418
Unassigned	-	(112,900)	(112,900)
Total fund balances	<u>\$ 6,184</u>	<u>\$ (98,775)</u>	<u>\$ (92,591)</u>
Total liabilities and fund balances	<u>\$ 118,482</u>	<u>\$ 544,914</u>	<u>\$ 663,396</u>

City of Radford, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>		
	<u>Grants Fund</u>	<u>Highway Maintenance Fund</u>	<u>Total</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ -	\$ 82	\$ 82
Charges for services	-	11,518	11,518
Miscellaneous	123	-	123
Intergovernmental:			
Commonwealth	153,012	2,137,197	2,290,209
Federal	237,179	-	237,179
Total revenues	<u>\$ 390,314</u>	<u>\$ 2,148,797</u>	<u>\$ 2,539,111</u>
<b>EXPENDITURES</b>			
Current:			
Public safety	\$ 196,522	\$ -	\$ 196,522
Public works	6,341	2,336,572	2,342,913
Parks, recreation, and cultural	9,002	-	9,002
Community development	170,280	-	170,280
Debt service:			
Principal retirement	26,000	-	26,000
Interest and other fiscal charges	7,325	-	7,325
Total expenditures	<u>\$ 415,470</u>	<u>\$ 2,336,572</u>	<u>\$ 2,752,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,156)</u>	<u>\$ (187,775)</u>	<u>\$ (212,931)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 4,813	\$ -	\$ 4,813
Transfers out	-	(15,000)	(15,000)
Sale of capital assets	-	9,237	9,237
Total other financing sources (uses)	<u>\$ 4,813</u>	<u>\$ (5,763)</u>	<u>\$ (950)</u>
Net change in fund balances	\$ (20,343)	\$ (193,538)	\$ (213,881)
Fund balances - beginning	26,527	94,763	121,290
Fund balances - ending	<u>\$ 6,184</u>	<u>\$ (98,775)</u>	<u>\$ (92,591)</u>

City of Radford, Virginia  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2015

	Grants Fund			Highway Maintenance Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	Budgeted Amounts		Actual	
	Original	Final		Original	Final		
<b>REVENUES</b>							
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ 125	\$ 125	\$ 82	\$ (43)
Charges for services	-	-	-	34,300	34,300	11,518	(22,782)
Miscellaneous	-	-	123	-	-	-	-
Intergovernmental:							
Commonwealth	-	153,577	153,012	2,079,984	2,136,877	2,137,197	320
Federal	141,203	413,969	237,179	-	-	-	-
Total revenues	\$ 141,203	\$ 567,546	\$ 390,314	\$ 2,114,409	\$ 2,171,302	\$ 2,148,797	\$ (22,505)
<b>EXPENDITURES</b>							
Current:							
Public safety	\$ 50,807	\$ 236,804	\$ 196,522	\$ -	\$ -	\$ -	\$ -
Public works	-	6,357	6,341	2,281,013	2,384,937	2,336,572	48,365
Health and welfare	2,007	2,007	-	-	-	-	-
Parks, recreation, and cultural	39,200	39,200	9,002	-	-	-	-
Community development	77,785	283,773	170,280	-	-	-	-
Debit service:							
Principal retirement	-	26,000	26,000	-	-	-	-
Interest and other fiscal charges	-	7,325	7,325	-	-	-	-
Total expenditures	\$ 169,799	\$ 601,466	\$ 415,470	\$ 2,281,013	\$ 2,384,937	\$ 2,336,572	\$ 48,365
Excess (deficiency) of revenues over (under) expenditures	\$ (28,596)	\$ (33,920)	\$ (25,156)	\$ (166,604)	\$ (213,635)	\$ (187,775)	\$ 25,860
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	\$ 1,887	\$ 6,700	\$ 4,813	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	(15,000)	(71,893)	(15,000)	56,893
Sale of capital assets	-	-	-	-	-	9,237	9,237
Total other financing sources (uses)	\$ 1,887	\$ 6,700	\$ 4,813	\$ (15,000)	\$ (71,893)	\$ (5,763)	\$ 66,130
Net change in fund balances	\$ (26,709)	\$ (27,220)	\$ (20,343)	\$ (181,604)	\$ (285,528)	\$ (193,538)	\$ 91,990
Fund balances - beginning	26,709	27,220	26,527	181,604	285,528	94,763	(190,765)
Fund balances - ending	\$ -	\$ -	\$ 6,184	\$ -	\$ -	\$ (98,775)	\$ (98,775)

City of Radford, Virginia  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2015

	<u>Agency Funds</u>			<u>Balance June 30, 2015</u>
	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	
<b>ASSETS</b>				
Cash and cash equivalents:				
Special Welfare Fund	\$ 32,493	\$ 57,189	\$ 83,335	\$ 6,347
Highlander Festival	12,418	26,725	15,826	23,317
CSA Regional Program	38,677	6,695	-	45,372
Cafeteria Plan Fund	3,641	792	-	4,433
Total assets	<u>\$ 87,229</u>	<u>\$ 91,401</u>	<u>\$ 99,161</u>	<u>\$ 79,469</u>
<b>LIABILITIES</b>				
Amounts held for others:				
Social services clients	\$ 32,493	\$ 57,189	\$ 83,335	\$ 6,347
Highlander Festival	12,418	26,725	15,826	23,317
Amounts held for employees	3,641	792	-	4,433
CSA Regional Program	38,677	6,695	-	45,372
Total liabilities	<u>\$ 87,229</u>	<u>\$ 91,401</u>	<u>\$ 99,161</u>	<u>\$ 79,469</u>

## Supporting Schedules

City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,100,000	\$ 6,100,000	\$ 6,096,857	\$ (3,143)
Real and personal public service corporation taxes	210,000	210,000	163,395	(46,605)
Personal property taxes	708,750	708,750	713,044	4,294
Mobile home taxes	3,510	3,510	3,460	(50)
Machinery and tools taxes	333,396	333,396	358,313	24,917
Furniture and fixtures	348,968	348,968	233,189	(115,779)
Penalties and interest	95,300	95,300	179,906	84,606
Total general property taxes	<u>\$ 7,799,924</u>	<u>\$ 7,799,924</u>	<u>\$ 7,748,164</u>	<u>\$ (51,760)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,160,000	\$ 1,160,000	\$ 885,262	\$ (274,738)
Consumers' utility taxes	565,084	565,084	532,065	(33,019)
Tobacco tax	60,000	60,000	63,784	3,784
Business license taxes	485,000	485,000	484,247	(753)
Franchise license tax	40,000	40,000	48,488	8,488
Motor vehicle licenses	199,000	199,000	197,566	(1,434)
Bank stock taxes	157,000	157,000	223,636	66,636
Taxes on recordation and wills	110,000	110,000	78,683	(31,317)
Hotel and motel room taxes	179,500	179,500	189,208	9,708
Restaurant food taxes	1,120,000	1,120,000	1,121,722	1,722
Total other local taxes	<u>\$ 4,075,584</u>	<u>\$ 4,075,584</u>	<u>\$ 3,824,661</u>	<u>\$ (250,923)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,300	\$ 3,300	\$ 3,849	\$ 549
Transfer fees	300	300	314	14
Zoning fees	1,200	1,200	1,600	400
Permits and other licenses	38,108	38,108	40,012	1,904
Total permits, privilege fees, and regulatory licenses	<u>\$ 42,908</u>	<u>\$ 42,908</u>	<u>\$ 45,775</u>	<u>\$ 2,867</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 256,000	\$ 261,440	\$ 265,823	\$ 4,383
Total fines and forfeitures	<u>\$ 256,000</u>	<u>\$ 261,440</u>	<u>\$ 265,823</u>	<u>\$ 4,383</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 2,800	\$ 2,800	\$ 2,563	\$ (237)
Revenue from use of property	173,474	173,474	156,367	(17,107)
Total revenue from use of money and property	<u>\$ 176,274</u>	<u>\$ 176,274</u>	<u>\$ 158,930</u>	<u>\$ (17,344)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 26,430	\$ 26,430	\$ 22,307	\$ (4,123)
Charges for courthouse maintenance	6,000	6,000	4,397	(1,603)
Charges for courtroom security	33,000	33,000	23,878	(9,122)
Charges for Collection fees	45,000	45,000	58,272	13,272

City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Miscellaneous jail and inmate fees	\$ 6,000	\$ 6,000	\$ 7,757	\$ 1,757
Charges for Commonwealth's Attorney	3,000	3,000	2,655	(345)
Charges for rescue services	380,000	380,000	392,265	12,265
Animal protection services	2,600	2,600	2,705	105
Charges for parks and recreation	87,000	87,000	73,492	(13,508)
Charges for DMV Registrations	25,000	25,000	20,596	(4,404)
Other charges for services	22,950	22,950	36,407	13,457
Charges for law library	2,570	2,570	2,852	282
Charges for library	14,200	14,200	14,456	256
Total charges for services	<u>\$ 653,750</u>	<u>\$ 653,750</u>	<u>\$ 662,039</u>	<u>\$ 8,289</u>
Miscellaneous revenue:				
Miscellaneous	\$ 5,000	\$ 8,710	\$ 19,221	\$ 10,511
Revenue sharing payments - Montgomery	168,000	168,000	164,958	(3,042)
Revenue sharing payments - Pulaski	67,000	67,000	88,182	21,182
Gifts and donations	71,200	75,425	88,478	13,053
Payments in lieu of taxes	1,863,215	1,863,215	1,863,215	-
Total miscellaneous revenue	<u>\$ 2,174,415</u>	<u>\$ 2,182,350</u>	<u>\$ 2,224,054</u>	<u>\$ 41,704</u>
Recovered costs:				
Insurance recoveries	\$ -	\$ 49,710	\$ 66,411	\$ 16,701
Total recovered costs	<u>\$ -</u>	<u>\$ 49,710</u>	<u>\$ 66,411</u>	<u>\$ 16,701</u>
Total revenue from local sources	<u>\$ 15,178,855</u>	<u>\$ 15,241,940</u>	<u>\$ 14,995,857</u>	<u>\$ (246,083)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling Stock Tax	\$ 27,382	\$ 27,382	\$ 52,764	\$ 25,382
Mobile home titling tax	600	600	1,518	918
Motor vehicle rental tax	47,000	47,000	49,235	2,235
Communications tax	756,000	756,000	744,019	(11,981)
State tax on deeds	30,000	30,000	23,334	(6,666)
Personal property tax relief funds	625,657	625,657	625,657	-
Total noncategorical aid	<u>\$ 1,486,639</u>	<u>\$ 1,486,639</u>	<u>\$ 1,496,527</u>	<u>\$ 9,888</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 245,510	\$ 245,510	\$ 248,845	\$ 3,335
Sheriff	286,243	286,243	289,883	3,640
Commissioner of revenue	79,727	79,727	80,171	444
Treasurer	84,155	84,155	83,303	(852)
Registrar/electoral board	37,261	37,261	36,271	(990)
Clerk of the Circuit Court	184,796	184,796	190,208	5,412
Reduction in state aid	-	(49,710)	(49,710)	-
Total shared expenses	<u>\$ 917,692</u>	<u>\$ 867,982</u>	<u>\$ 878,971</u>	<u>\$ 10,989</u>

City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Public assistance and welfare administration	\$ 641,596	\$ 642,250	\$ 505,248	\$ (137,002)
Comprehensive services act	1,055,364	1,055,364	848,656	(206,708)
Assistance to local police departments	468,832	468,832	468,832	-
VHDA funds	40,000	40,000	34,141	(5,859)
VJCCA funds	10,200	10,200	10,199	(1)
Library grant	142,941	138,845	142,081	3,236
Wireless E-911 payment state grant	40,000	40,000	42,375	2,375
Emergency services funds	30,000	30,000	39,358	9,358
Spay and Neuter Grant	20	20	67	47
Fire program	46,097	46,097	51,983	5,886
4-for-life funds	-	-	9,324	9,324
Total other categorical aid	\$ 2,475,050	\$ 2,471,608	\$ 2,152,264	\$ (319,344)
Total categorical aid	\$ 3,392,742	\$ 3,339,590	\$ 3,031,235	\$ (308,355)
Total revenue from the Commonwealth	\$ 4,879,381	\$ 4,826,229	\$ 4,527,762	\$ (298,467)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 753,178	\$ 755,792	\$ 756,945	\$ 1,153
Total categorical aid	\$ 753,178	\$ 755,792	\$ 756,945	\$ 1,153
Total revenue from the federal government	\$ 753,178	\$ 755,792	\$ 756,945	\$ 1,153
Total General Fund	\$ 20,811,414	\$ 20,823,961	\$ 20,280,564	\$ (543,397)
<b>Special Revenue Fund:</b>				
<b>Transit Fund</b>				
Revenue from local sources:				
Charges for services:				
Fares	\$ 22,610	\$ 22,610	\$ 26,230	\$ 3,620
Advertising fees	15,000	15,000	-	(15,000)
Total charges for services	\$ 37,610	\$ 37,610	\$ 26,230	\$ (11,380)
Miscellaneous revenue:				
Contributions from Radford University	\$ 630,177	\$ 630,177	\$ 313,689	\$ (316,488)
Total miscellaneous revenue	\$ 630,177	\$ 630,177	\$ 313,689	\$ (316,488)
Total revenue from local sources	\$ 667,787	\$ 667,787	\$ 339,919	\$ (327,868)

City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Transit Fund (Continued)</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
State transit funds	\$ 486,055	\$ 486,055	\$ 288,893	\$ (197,162)
Total categorical aid	\$ 486,055	\$ 486,055	\$ 288,893	\$ (197,162)
Total revenue from the Commonwealth	\$ 486,055	\$ 486,055	\$ 288,893	\$ (197,162)
Revenue from the federal government:				
Categorical aid:				
Formula grants for other than urbanized areas	\$ 2,920,603	\$ 2,920,603	\$ 698,265	\$ (2,222,338)
Total categorical aid	\$ 2,920,603	\$ 2,920,603	\$ 698,265	\$ (2,222,338)
Total revenue from the federal government	\$ 2,920,603	\$ 2,920,603	\$ 698,265	\$ (2,222,338)
Total Transit Fund	\$ 4,074,445	\$ 4,074,445	\$ 1,327,077	\$ (2,747,368)
<b>Nonmajor Special Revenue Funds:</b>				
<b>Grants Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 123	\$ 123
Total miscellaneous revenue	\$ -	\$ -	\$ 123	\$ 123
Total revenue from local sources	\$ -	\$ -	\$ 123	\$ 123
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Crime victim assistance	\$ -	\$ 86,720	\$ 86,240	\$ (480)
Litter control	-	6,357	6,357	-
Emergency management assistance	-	7,500	7,437	(63)
Wireless E-911 Funding	-	53,000	52,978	(22)
Total categorical aid	\$ -	\$ 153,577	\$ 153,012	\$ (565)
Total revenue from the Commonwealth	\$ -	\$ 153,577	\$ 153,012	\$ (565)
Revenue from the federal government:				
Categorical aid:				
Hud entitlement grants	\$ 74,045	\$ 313,358	\$ 203,606	\$ (109,752)
Edward Byrne Law Enforcement Grant	5,677	5,677	4,083	(1,594)
Asset Forfeiture - Records Preservation	-	23,828	21,084	(2,744)
Game and Inland Fisheries	50,000	50,000	-	(50,000)
State Homeland Security Program	2,000	2,000	2,000	-
State and community highway safety	9,481	19,106	6,406	(12,700)
Total categorical aid	\$ 141,203	\$ 413,969	\$ 237,179	\$ (176,790)
Total revenue from the federal government	\$ 141,203	\$ 413,969	\$ 237,179	\$ (176,790)
Total Grants Fund	\$ 141,203	\$ 567,546	\$ 390,314	\$ (177,232)

City of Radford, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Nonmajor Special Revenue Funds: (Continued)</b>				
<b>Highway Maintenance Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 125	\$ 125	\$ 82	\$ (43)
Total revenue from use of money and property	<u>\$ 125</u>	<u>\$ 125</u>	<u>\$ 82</u>	<u>\$ (43)</u>
Charges for services:				
Right of way fees	\$ 34,300	\$ 34,300	\$ 11,518	\$ (22,782)
Total charges for services	<u>\$ 34,300</u>	<u>\$ 34,300</u>	<u>\$ 11,518</u>	<u>\$ (22,782)</u>
Total revenue from local sources	<u>\$ 34,425</u>	<u>\$ 34,425</u>	<u>\$ 11,600</u>	<u>\$ (22,825)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Highway maintenance funds	\$ 2,079,984	\$ 2,136,877	\$ 2,137,197	\$ 320
Total categorical aid	<u>\$ 2,079,984</u>	<u>\$ 2,136,877</u>	<u>\$ 2,137,197</u>	<u>\$ 320</u>
Total revenue from the Commonwealth	<u>\$ 2,079,984</u>	<u>\$ 2,136,877</u>	<u>\$ 2,137,197</u>	<u>\$ 320</u>
Total Highway Maintenance Fund	<u>\$ 2,114,409</u>	<u>\$ 2,171,302</u>	<u>\$ 2,148,797</u>	<u>\$ (22,505)</u>
<b>Capital Projects Fund:</b>				
<b>City Capital Projects Fund:</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VDOT Grants	\$ 577,538	\$ 577,538	\$ 577,537	\$ (1)
Total categorical aid	<u>\$ 577,538</u>	<u>\$ 577,538</u>	<u>\$ 577,537</u>	<u>\$ (1)</u>
Total revenue from the Commonwealth	<u>\$ 577,538</u>	<u>\$ 577,538</u>	<u>\$ 577,537</u>	<u>\$ (1)</u>
Revenue from the federal government:				
Categorical aid:				
Safe routes to schools	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Total categorical aid	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>
Total revenue from the federal government	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>
Total City Capital Projects Fund	<u>\$ 1,077,538</u>	<u>\$ 1,077,538</u>	<u>\$ 1,077,537</u>	<u>\$ (1)</u>
Total Primary Government	<u>\$ 28,219,009</u>	<u>\$ 28,714,792</u>	<u>\$ 25,224,289</u>	<u>\$ (3,490,503)</u>

City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
City Council	\$ 57,754	\$ 50,481	\$ 50,479	\$ 2
Total legislative	\$ 57,754	\$ 50,481	\$ 50,479	\$ 2
General and financial administration:				
City Clerk	\$ 18,342	\$ 21,247	\$ 21,247	\$ -
City Manager	306,578	308,029	308,029	-
Commissioner of revenue	220,360	221,795	221,795	-
Assessor	48,646	42,639	42,639	-
Billing and service	342,003	339,135	339,135	-
Treasurer	412,719	407,057	406,841	216
Legal services	100,000	229,477	229,477	-
Human resources	107,114	107,384	106,255	1,129
Independent auditor	40,700	40,600	40,600	-
Information technology	458,731	431,374	431,374	-
Finance	321,255	323,891	323,891	-
Total general and financial administration	\$ 2,376,448	\$ 2,472,628	\$ 2,471,283	\$ 1,345
Board of elections:				
Electoral board and officials	\$ 14,962	\$ 17,154	\$ 17,154	\$ -
Registrar	95,254	97,623	97,623	-
Total board of elections	\$ 110,216	\$ 114,777	\$ 114,777	\$ -
Total general government administration	\$ 2,544,418	\$ 2,637,886	\$ 2,636,539	\$ 1,347
Judicial administration:				
Courts:				
Circuit court	\$ 71,764	\$ 73,245	\$ 73,245	\$ -
General district court	22,695	21,299	21,299	-
Sheriff	504,777	510,244	510,244	-
Law library	3,500	6,488	6,488	-
Clerk of the circuit court	290,749	290,156	281,966	8,190
Total courts	\$ 893,485	\$ 901,432	\$ 893,242	\$ 8,190
Commonwealth's attorney:				
Commonwealth's attorney	\$ 327,904	\$ 329,008	\$ 329,008	\$ -
Total commonwealth's attorney	\$ 327,904	\$ 329,008	\$ 329,008	\$ -
Total judicial administration	\$ 1,221,389	\$ 1,230,440	\$ 1,222,250	\$ 8,190
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 3,272,138	\$ 3,367,792	\$ 3,367,606	\$ 186
Total law enforcement and traffic control	\$ 3,272,138	\$ 3,367,792	\$ 3,367,606	\$ 186
Fire and rescue services:				
Fire department	\$ 910,910	\$ 946,646	\$ 938,506	\$ 8,140
Ambulance and rescue services	792,972	876,003	844,017	31,986
Regional Hazmat Response	30,947	25,642	25,642	-
Total fire and rescue services	\$ 1,734,829	\$ 1,848,291	\$ 1,808,165	\$ 40,126

City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
<b>Public safety: (Continued)</b>				
Correction and detention:				
Regional jail	\$ 700,000	\$ 901,086	\$ 901,086	\$ -
Juvenile corrections	72,276	81,347	81,347	-
Total correction and detention	<u>\$ 772,276</u>	<u>\$ 982,433</u>	<u>\$ 982,433</u>	<u>\$ -</u>
Inspections:				
Building inspector	\$ 106,532	\$ 106,128	\$ 106,128	\$ -
Code enforcement	71,851	72,853	72,853	-
Total inspections	<u>\$ 178,383</u>	<u>\$ 178,981</u>	<u>\$ 178,981</u>	<u>\$ -</u>
Other protection:				
Animal control	\$ 126,989	\$ 128,856	\$ 128,856	\$ -
Medical examiner	160	40	40	-
E-911 system	545,708	549,643	549,643	-
GIS mapping	78,388	94,306	94,306	-
Total other protection	<u>\$ 751,245</u>	<u>\$ 772,845</u>	<u>\$ 772,845</u>	<u>\$ -</u>
Total public safety	<u>\$ 6,708,871</u>	<u>\$ 7,150,342</u>	<u>\$ 7,110,030</u>	<u>\$ 40,312</u>
<b>Public works:</b>				
Engineering:				
General Engineering	\$ 194,732	\$ 194,661	\$ 191,750	\$ 2,911
Total engineering	<u>\$ 194,732</u>	<u>\$ 194,661</u>	<u>\$ 191,750</u>	<u>\$ 2,911</u>
Maintenance of general buildings and grounds:				
General properties	\$ 795,352	\$ 840,791	\$ 840,791	\$ -
Total maintenance of general buildings and grounds	<u>\$ 795,352</u>	<u>\$ 840,791</u>	<u>\$ 840,791</u>	<u>\$ -</u>
Total public works	<u>\$ 990,084</u>	<u>\$ 1,035,452</u>	<u>\$ 1,032,541</u>	<u>\$ 2,911</u>
<b>Health and welfare:</b>				
Health:				
Supplement of local health department	\$ 84,997	\$ 84,997	\$ 84,997	\$ -
Total health	<u>\$ 84,997</u>	<u>\$ 84,997</u>	<u>\$ 84,997</u>	<u>\$ -</u>
Mental health and mental retardation:				
Mental health services	\$ 39,658	\$ 39,658	\$ 39,658	\$ -
Health agencies	5,853	5,853	5,853	-
Total mental health and mental retardation	<u>\$ 45,511</u>	<u>\$ 45,511</u>	<u>\$ 45,511</u>	<u>\$ -</u>
Welfare:				
Welfare administration and programs	\$ 1,600,727	\$ 1,533,080	\$ 1,533,080	\$ -
Comprehensive services act	1,335,493	1,105,976	1,105,976	-
Property tax relief for the elderly	65,000	57,451	57,451	-
Social service agencies	102,369	94,619	94,619	-
Total welfare	<u>\$ 3,103,589</u>	<u>\$ 2,791,126</u>	<u>\$ 2,791,126</u>	<u>\$ -</u>
Total health and welfare	<u>\$ 3,234,097</u>	<u>\$ 2,921,634</u>	<u>\$ 2,921,634</u>	<u>\$ -</u>

City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contributions to community colleges	\$ 6,863	\$ 6,863	\$ 6,863	\$ -
Contribution to City School Board	5,639,528	5,639,528	4,993,226	646,302
Total education	<u>\$ 5,646,391</u>	<u>\$ 5,646,391</u>	<u>\$ 5,000,089</u>	<u>\$ 646,302</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Supervision of parks and recreation	\$ 573,953	\$ 590,080	\$ 590,080	\$ -
Maintenance of parks	191,443	201,224	201,224	-
Recreation center and playgrounds	479,130	479,138	478,838	300
Total parks and recreation	<u>\$ 1,244,526</u>	<u>\$ 1,270,442</u>	<u>\$ 1,270,142</u>	<u>\$ 300</u>
Cultural enrichment:				
Glencoe museum	\$ 23,989	\$ 21,735	\$ 21,735	\$ -
Total cultural enrichment	<u>\$ 23,989</u>	<u>\$ 21,735</u>	<u>\$ 21,735</u>	<u>\$ -</u>
Library:				
Library expenses	\$ 762,674	\$ 763,238	\$ 763,238	\$ -
Total library	<u>\$ 762,674</u>	<u>\$ 763,238</u>	<u>\$ 763,238</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 2,031,189</u>	<u>\$ 2,055,415</u>	<u>\$ 2,055,115</u>	<u>\$ 300</u>
Community development:				
Planning and community development:				
Planning	\$ 92,130	\$ 91,453	\$ 91,453	\$ -
Community development	101,657	109,405	109,405	-
Zoning board	600	480	480	-
Tourism	89,901	95,815	95,815	-
Economic development	89,095	87,038	87,038	-
VHDA program	63,952	63,574	63,574	-
Total planning and community development	<u>\$ 437,335</u>	<u>\$ 447,765</u>	<u>\$ 447,765</u>	<u>\$ -</u>
Total community development	<u>\$ 437,335</u>	<u>\$ 447,765</u>	<u>\$ 447,765</u>	<u>\$ -</u>
Debt service:				
Principal retirement	\$ 1,642,103	\$ 1,642,103	\$ 1,039,692	\$ 602,411
Interest and other fiscal charges	383,971	378,927	953,439	(574,512)
Bond issuance costs	-	27,423	112,770	(85,347)
Total debt service	<u>\$ 2,026,074</u>	<u>\$ 2,048,453</u>	<u>\$ 2,105,901</u>	<u>\$ (57,448)</u>
Total General Fund	<u><u>\$ 24,839,848</u></u>	<u><u>\$ 25,173,778</u></u>	<u><u>\$ 24,531,864</u></u>	<u><u>\$ 641,914</u></u>
<b>Special Revenue Fund:</b>				
<b>Transit Fund:</b>				
Community Development:				
Planning and community development:				
City transit service	\$ 4,218,931	\$ 4,219,527	\$ 1,422,694	\$ 2,796,833
Total community development	<u>\$ 4,218,931</u>	<u>\$ 4,219,527</u>	<u>\$ 1,422,694</u>	<u>\$ 2,796,833</u>
Total Transit Fund	<u><u>\$ 4,218,931</u></u>	<u><u>\$ 4,219,527</u></u>	<u><u>\$ 1,422,694</u></u>	<u><u>\$ 2,796,833</u></u>

City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Nonmajor Special Revenue Funds:</b>				
<b>Grants Fund:</b>				
<b>Public safety:</b>				
Law enforcement and traffic control:				
Victim witness assistance	\$ -	\$ 87,231	\$ 86,241	\$ 990
Impaired driver and speed enforcement	13,197	27,635	9,354	18,281
Police department	35,804	59,632	38,706	20,926
Communications	-	53,000	52,978	22
Total law enforcement and traffic control	<u>\$ 49,001</u>	<u>\$ 227,498</u>	<u>\$ 187,279</u>	<u>\$ 40,219</u>
Fire and rescue services:				
Fire department	\$ 1,806	\$ 9,306	\$ 9,243	\$ 63
Total fire and rescue services	<u>\$ 1,806</u>	<u>\$ 9,306</u>	<u>\$ 9,243</u>	<u>\$ 63</u>
Total public safety	<u>\$ 50,807</u>	<u>\$ 236,804</u>	<u>\$ 196,522</u>	<u>\$ 40,282</u>
<b>Public Works:</b>				
Maintenance of general buildings and grounds:				
Litter control	\$ -	\$ 6,357	\$ 6,341	\$ 16
Total public works	<u>\$ -</u>	<u>\$ 6,357</u>	<u>\$ 6,341</u>	<u>\$ 16</u>
<b>Health and welfare:</b>				
Welfare:				
Neighbor to neighbor program	\$ 2,007	\$ 2,007	\$ -	\$ 2,007
Total health and welfare	<u>\$ 2,007</u>	<u>\$ 2,007</u>	<u>\$ -</u>	<u>\$ 2,007</u>
<b>Parks, recreation and cultural:</b>				
Parks and recreation:				
Supervision parks and recreation	\$ 39,200	\$ 39,200	\$ 9,002	\$ 30,198
<b>Community development:</b>				
Planning and community development:				
Economic development	\$ 3,740	\$ 3,740	\$ -	\$ 3,740
HUD grant expenditures	74,045	280,033	170,280	109,753
Total planning and community development	<u>\$ 77,785</u>	<u>\$ 283,773</u>	<u>\$ 170,280</u>	<u>\$ 113,493</u>
Total community development	<u>\$ 77,785</u>	<u>\$ 283,773</u>	<u>\$ 170,280</u>	<u>\$ 113,493</u>
<b>Debt service:</b>				
Principal retirement	\$ -	\$ 26,000	\$ 26,000	\$ -
Interest and other fiscal charges	-	7,325	7,325	-
Total debt service	<u>\$ -</u>	<u>\$ 33,325</u>	<u>\$ 33,325</u>	<u>\$ -</u>
Total Grants Fund	<u>\$ 169,799</u>	<u>\$ 601,466</u>	<u>\$ 415,470</u>	<u>\$ 185,996</u>

City of Radford, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2015

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Highway Maintenance Fund:</b>				
Public works:				
Maintenance of streets, highways and bridges:				
General administration	\$ 177,979	\$ 178,840	\$ 187,555	\$ (8,715)
Highway maintenance and repairs - state	1,977,901	2,080,459	1,930,089	150,370
Highway maintenance and repairs - local	19,833	19,857	93,047	(73,190)
Street lights	71,500	71,500	71,166	334
Snow and ice removal	25,300	25,300	51,120	(25,820)
Storm drainage	8,500	8,981	3,595	5,386
Total maintenance of streets, highways, and bridges	<u>\$ 2,281,013</u>	<u>\$ 2,384,937</u>	<u>\$ 2,336,572</u>	<u>\$ 48,365</u>
Total Highway Maintenance Fund	<u>\$ 2,281,013</u>	<u>\$ 2,384,937</u>	<u>\$ 2,336,572</u>	<u>\$ 48,365</u>
<b>Capital Projects Fund:</b>				
<b>City Capital Projects Fund:</b>				
Capital Projects:				
Accounting system	\$ 12,254	\$ 12,254	\$ 427	\$ 11,827
Tyler Avenue landscaping	3,768	3,768	-	3,768
Second Avenue Improvements	1,909,074	1,909,074	1,705,489	203,585
Park Road/Tyler Avenue	6,896	6,896	-	6,896
Storm drainage projects	1,464	16,464	-	16,464
Multipurpose fields	18,168	18,168	62,253	(44,085)
Total capital projects	<u>\$ 1,951,624</u>	<u>\$ 1,966,624</u>	<u>\$ 1,768,169</u>	<u>\$ 198,455</u>
Total Capital Projects Fund	<u>\$ 1,951,624</u>	<u>\$ 1,966,624</u>	<u>\$ 1,768,169</u>	<u>\$ 198,455</u>
Total Primary Government	<u>\$ 33,461,215</u>	<u>\$ 34,346,332</u>	<u>\$ 30,474,769</u>	<u>\$ 3,871,563</u>

## Statistical Information

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 43,781,921	\$ 42,433,941	\$ 41,450,815	\$ 41,059,783	\$ 41,472,798	\$ 40,402,563	\$ 39,986,063	\$ 36,147,315	\$ 39,559,342	\$ 40,392,127
Restricted	1,685,598	1,009,830	1,062,107	3,661,446	509,733	615,847	644,276	2,812,037	968,879	1,030,306
Unrestricted	6,883,870	7,065,810	7,815,581	7,150,443	6,210,599	6,364,767	6,461,353	6,752,167	7,710,856	(484,342)
Total governmental activities net position	\$ 52,351,389	\$ 50,509,581	\$ 50,328,503	\$ 51,871,672	\$ 48,193,130	\$ 47,383,177	\$ 47,091,692	\$ 45,711,519	\$ 48,239,077	\$ 40,938,091
<b>Business-type activities</b>										
Net investment in capital assets	\$ 16,175,798	\$ 16,843,671	\$ 16,103,927	\$ 15,087,089	\$ 15,534,890	\$ 15,089,859	\$ 14,568,531	\$ 15,761,624	\$ 15,582,914	\$ 14,936,407
Restricted	12,029,539	11,584,577	10,019,591	8,487,728	7,354,066	8,013,733	8,866,605	11,463,147	11,817,746	8,519,945
Unrestricted	\$ 28,205,337	\$ 28,428,248	\$ 26,123,518	\$ 23,574,817	\$ 22,888,956	\$ 23,103,592	\$ 23,435,136	\$ 27,224,771	\$ 27,400,660	\$ 23,456,352
Total business-type activities net position	\$ 44,381,135	\$ 45,271,919	\$ 42,227,445	\$ 38,661,906	\$ 38,418,846	\$ 38,197,175	\$ 36,869,272	\$ 37,449,546	\$ 38,801,320	\$ 36,892,704
<b>Primary government</b>										
Net investment in capital assets	\$ 59,957,719	\$ 59,277,612	\$ 57,554,742	\$ 56,146,872	\$ 57,007,688	\$ 55,492,422	\$ 54,554,594	\$ 51,908,939	\$ 55,142,256	\$ 55,328,534
Restricted	1,685,598	1,009,830	1,062,107	3,661,446	509,733	615,847	644,276	2,812,037	968,879	1,030,306
Unrestricted	18,913,409	18,650,387	17,835,172	15,638,171	13,564,665	14,378,500	15,327,958	18,215,314	19,528,602	8,035,603
Total primary government net position	\$ 80,556,726	\$ 78,937,829	\$ 76,452,021	\$ 75,446,489	\$ 71,082,086	\$ 70,486,769	\$ 70,526,828	\$ 72,936,290	\$ 75,639,737	\$ 64,394,443

Provisions of Statement No. 68 from the Governmental Accounting Standards Board (GASB) were implemented during the 2015 fiscal year. Financial information prior to the fiscal year ending June 30, 2015 has not been retroactively restated for provisions of this standard.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government administration	\$ 1,945,248	\$ 2,360,446	\$ 2,318,049	\$ 2,378,072	\$ 2,288,017	\$ 2,114,955	\$ 2,257,781	\$ 2,478,062	\$ 2,583,106	\$ 2,616,659
Judicial administration	573,620	644,504	633,173	1,183,737	1,155,145	1,108,911	1,112,641	1,182,752	1,228,811	1,207,189
Public safety	5,520,190	5,991,991	6,173,244	5,930,185	6,387,807	6,244,619	6,338,892	6,807,173	6,991,450	7,421,559
Public works	3,961,164	4,084,908	4,137,294	4,055,643	3,319,506	3,316,104	3,583,272	3,509,880	4,052,721	3,880,301
Health and welfare	1,882,803	1,970,492	1,944,040	2,025,890	2,291,061	2,269,438	2,501,597	2,662,252	2,965,695	2,883,992
Education	5,407,165	5,202,606	4,545,629	5,226,904	8,334,559	4,812,897	5,357,984	5,753,106	5,049,358	5,278,443
Parks, recreation and cultural	1,633,402	1,994,060	2,065,662	2,155,156	2,163,466	2,012,187	2,170,790	2,331,432	2,284,314	2,284,564
Community development	682,569	409,533	633,057	691,360	669,451	1,606,945	1,739,173	1,964,126	2,312,280	2,402,473
Nondepartmental	-	-	-	-	-	-	-	33,375	3,192	-
Interest on long-term debt	146,425	147,438	329,475	274,934	771,041	883,852	955,544	1,082,407	969,417	1,020,398
Total governmental activities expenses	\$ 21,752,586	\$ 22,805,978	\$ 22,779,623	\$ 23,921,881	\$ 27,380,053	\$ 24,369,908	\$ 26,017,674	\$ 27,804,565	\$ 28,440,344	\$ 28,995,578
Business-type activities:										
Water, sewer and electric	\$ 23,263,810	\$ 22,812,759	\$ 25,218,048	\$ 23,105,211	\$ 22,800,818	\$ 24,881,044	\$ 27,590,819	\$ 29,035,126	\$ 26,512,718	\$ 24,345,015
Total primary government expenses	\$ 45,016,396	\$ 45,618,737	\$ 47,997,671	\$ 47,027,092	\$ 50,180,871	\$ 49,250,952	\$ 53,608,493	\$ 56,839,691	\$ 54,953,062	\$ 53,340,593
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government administration	\$ 7,177	\$ 58,932	\$ 48,451	\$ 22,399	\$ 18,747	\$ 21,622	\$ 25,925	\$ 34,279	\$ 55,692	\$ 57,003
Judicial administration	222,413	260,657	285,218	344,345	250,380	276,672	341,451	361,125	305,379	309,664
Public safety	221,980	100,777	192,931	81,143	518,563	465,363	547,947	661,947	611,211	519,489
Public works	64,424	39,898	81,847	53,824	91,946	39,030	175,440	41,201	41,245	15,915
Parks, recreation and cultural	130,180	121,197	96,481	132,350	121,802	109,586	122,932	126,685	115,294	99,772
Community development	-	7,029	-	-	-	-	-	-	-	-
Operating grants and contributions	5,606,816	5,223,351	5,427,508	5,610,577	5,964,394	6,333,219	6,999,638	7,429,807	9,748,231	7,302,726
Capital grants and contributions	70,000	-	-	1,573,485	-	-	-	-	-	1,077,537
Total governmental activities program revenues	\$ 6,322,990	\$ 5,811,841	\$ 6,132,436	\$ 7,818,123	\$ 6,965,832	\$ 7,245,492	\$ 8,213,333	\$ 8,655,044	\$ 10,877,052	\$ 9,382,056
Business-type activities:										
Charges for services:										
Water, sewer and electric	\$ 24,096,263	\$ 24,560,742	\$ 25,415,487	\$ 23,975,402	\$ 24,164,804	\$ 26,369,886	\$ 30,132,722	\$ 34,866,609	\$ 30,513,949	\$ 26,205,461
Capital grants and contributions	-	24,000	-	-	302,236	548,025	51,285	165,859	-	-
Total business-type activities program revenues	\$ 24,096,263	\$ 24,584,742	\$ 25,415,487	\$ 23,975,402	\$ 24,467,040	\$ 26,917,911	\$ 30,184,007	\$ 35,032,468	\$ 30,513,949	\$ 26,205,461
Total primary government program revenues	\$ 30,419,253	\$ 30,396,583	\$ 31,547,923	\$ 31,793,525	\$ 31,432,872	\$ 34,163,403	\$ 38,397,340	\$ 43,687,512	\$ 41,391,001	\$ 35,587,517
Net (expense) / revenue	\$ (15,429,596)	\$ (16,994,137)	\$ (16,647,187)	\$ (16,103,758)	\$ (20,414,221)	\$ (17,124,416)	\$ (17,804,341)	\$ (19,149,521)	\$ (17,563,292)	\$ (19,613,522)
Governmental activities	832,453	1,771,983	197,439	870,191	1,666,222	2,036,867	2,593,188	5,997,342	4,001,231	1,860,446
Business-type activities	\$ (14,597,143)	\$ (15,222,154)	\$ (16,449,748)	\$ (15,233,567)	\$ (18,747,999)	\$ (15,087,549)	\$ (15,211,153)	\$ (13,152,179)	\$ (13,562,061)	\$ (17,753,076)
Total primary government net (expense)/revenue										

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes</b>										
In Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 6,430,299	\$ 6,314,847	\$ 6,449,758	\$ 7,062,754	\$ 7,234,689	\$ 7,329,530	\$ 7,317,561	\$ 7,351,581	\$ 7,703,878	\$ 7,775,293
Local sales and use taxes	965,875	975,485	556,671	868,943	831,986	873,384	900,741	974,844	963,013	885,262
Restaurant food taxes	793,819	817,395	875,065	884,160	891,213	952,416	988,171	1,024,005	1,086,580	1,121,722
Motor vehicle taxes	175,151	175,935	9,165	178,489	185,808	196,726	197,397	198,060	193,711	197,566
Consumers' utility taxes	945,106	774,046	571,377	553,552	556,629	560,347	533,966	575,931	597,428	532,065
Communications taxes	-	-	856,242	777,974	-	-	-	-	-	-
Business license taxes	374,131	381,208	403,624	423,557	398,683	414,298	458,918	492,114	465,200	484,247
Other local taxes	950,047	1,094,144	528,469	548,750	473,263	538,664	533,836	575,986	565,146	603,799
Payments in lieu of taxes	1,509,949	1,849,123	1,785,303	1,843,822	1,765,114	1,688,205	2,005,015	-	-	-
Unrestricted grants and contributions	761,835	734,481	679,593	685,764	1,465,078	1,500,937	1,459,745	1,493,502	1,478,789	1,496,527
Unrestricted revenues from use of money and property	391,265	525,636	682,758	460,751	143,927	150,447	153,680	162,021	167,998	159,012
Miscellaneous	267,854	253,721	299,910	411,416	304,016	284,625	700,640	2,694,064	3,040,335	2,537,866
Gain (Loss) on disposal of capital assets	(5,985)	-	(17,429)	7,660	127,883	2,050	-	(3,729)	-	-
Transfers	2,131,814	2,113,763	2,779,603	2,939,335	2,357,390	1,822,834	2,263,187	2,230,969	3,828,572	3,545,447
Total governmental activities	\$ 15,691,160	\$ 16,009,784	\$ 16,466,109	\$ 17,646,927	\$ 16,735,679	\$ 16,314,463	\$ 17,512,857	\$ 17,769,348	\$ 20,090,650	\$ 19,338,806
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 475,580	\$ 564,691	\$ 277,434	\$ 75,504	\$ 5,307	\$ 603	\$ 1,543	\$ 13,218	\$ 3,230	\$ 3,094
Special items	-	-	-	(555,061)	-	-	-	-	-	-
Gain (Loss) on disposal of capital assets	(2,131,814)	(2,113,763)	(2,779,603)	(2,939,335)	(2,357,390)	(1,822,834)	(2,263,187)	(2,230,969)	(3,828,572)	(3,545,447)
Transfers	(1,656,234)	(1,549,072)	(2,502,169)	(3,418,892)	(2,352,083)	(1,822,231)	(2,261,644)	(2,187,455)	(3,825,342)	(3,542,353)
Total business-type activities	\$ 14,034,926	\$ 14,460,712	\$ 13,963,940	\$ 14,228,035	\$ 14,383,596	\$ 14,492,232	\$ 15,251,213	\$ 15,581,893	\$ 16,265,308	\$ 15,796,453
Total primary government	\$ 29,726,086	\$ 30,470,496	\$ 30,430,049	\$ 31,874,962	\$ 31,119,275	\$ 30,806,695	\$ 32,764,070	\$ 33,351,241	\$ 36,355,958	\$ 35,135,259
<b>Change in Net Position</b>										
Governmental activities	\$ 261,564	\$ (984,353)	\$ (181,078)	\$ 1,543,169	\$ (3,678,542)	\$ (809,953)	\$ (291,484)	\$ (1,380,173)	\$ 2,527,358	\$ (274,716)
Business-type activities	(823,781)	222,911	(2,304,730)	(2,548,701)	(685,861)	214,636	331,544	3,809,887	175,889	(1,681,907)
Total primary government	\$ (562,217)	\$ (761,442)	\$ (2,485,808)	\$ (1,005,532)	\$ (4,364,403)	\$ (595,317)	\$ 40,060	\$ 2,429,714	\$ 2,703,247	\$ (1,956,623)

Provisions of Statement No. 68 from the Governmental Accounting Standards Board (GASB) were implemented during the 2015 fiscal year. Financial information prior to the fiscal year ending June 30, 2015 has not

Table 3

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

Fiscal Year	Property Tax	Local sales and use Tax	Consumer Utility Tax	Motor Vehicle License Tax	Restaurant Food Tax	Business License Tax	Other Local Taxes	Total
2015	\$ 7,775,293	\$ 885,262	\$ 532,065	\$ 197,566	\$ 1,121,722	\$ 484,247	\$ 603,799	\$ 11,599,954
2014	7,703,878	963,013	597,428	193,711	1,086,580	465,200	565,146	11,574,956
2013	7,351,581	974,844	575,931	198,060	1,024,005	492,114	575,986	11,192,521
2012	7,317,561	900,741	533,966	197,397	988,171	458,918	533,836	10,930,590
2011	7,329,530	873,384	560,347	196,726	952,416	414,298	538,664	10,865,365
2010	7,234,689	831,986	556,629	185,808	891,213	398,683	473,263	10,572,271
2009	7,062,754	868,943	553,552	178,489	884,160	423,557	548,750	10,520,205
2008	6,412,871	556,671	577,377	9,165	875,065	403,624	528,469	9,363,242
2007	6,314,847	975,485	774,046	175,935	817,395	381,208	1,094,144	10,533,060
2006	6,430,299	965,875	945,106	175,151	793,819	374,131	950,047	10,634,428

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,236	\$ 136,611	\$ 117,376	\$ 151,146	\$ 162,232
Restricted/Reserved	995,721	951,942	942,554	315,938	474,302	580,416	608,845	671,636	806,318	818,876
Committed	-	-	-	-	-	2,201,052	2,296,667	2,256,764	2,880,670	3,201,226
Unassigned/Unreserved	5,127,134	5,044,842	5,871,156	5,548,378	5,008,887	2,512,517	2,635,777	3,326,403	3,180,070	2,326,702
Total general fund	\$ 6,122,855	\$ 5,996,784	\$ 6,813,710	\$ 5,864,316	\$ 5,483,189	\$ 5,495,221	\$ 5,677,900	\$ 6,372,179	\$ 7,018,204	\$ 6,509,036
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,725	\$ 12,437	\$ 12,764	\$ 11,859	\$ 36,404
Restricted/Reserved	689,877	57,888	14,832,676	3,345,508	35,431	35,431	35,431	2,140,401	162,561	211,430
Committed	-	-	-	-	-	1,281,492	1,330,219	1,220,265	1,547,085	574,067
Unreserved/Unassigned:										
Special revenue funds	403,544	712,425	161,187	380,649	405,161	-	(8,914)	(11,111)	-	(112,900)
Capital projects funds	1,299,892	1,321,000	995,198	1,462,206	930,892	-	-	-	-	-
Total all other governmental funds	\$ 2,393,313	\$ 2,091,313	\$ 15,989,061	\$ 5,188,363	\$ 1,371,484	\$ 1,333,648	\$ 1,369,173	\$ 3,362,319	\$ 1,721,505	\$ 709,001

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
General property taxes	\$ 6,286,313	\$ 6,348,319	\$ 6,412,871	\$ 7,012,100	\$ 7,141,132	\$ 7,017,704	\$ 7,426,519	\$ 7,534,523	\$ 7,601,010	\$ 7,748,164
Other local taxes	4,204,129	4,218,213	3,806,613	4,235,425	3,337,582	3,535,835	3,613,029	3,840,940	3,871,078	3,824,661
Permits, privilege fees and regulatory licenses	35,670	52,901	36,706	20,985	37,917	35,757	41,599	40,213	55,541	45,775
Fines and forfeitures	214,933	255,274	279,394	261,418	195,704	224,244	274,544	302,330	250,698	265,823
Revenue from use of money and property	401,149	525,636	682,768	460,751	143,927	150,447	153,680	162,021	167,998	159,012
Charges for services	395,571	280,315	388,828	351,658	767,817	652,272	853,944	884,639	803,660	699,787
Miscellaneous	1,771,803	2,102,844	2,128,360	2,255,238	2,069,130	1,972,830	2,705,655	2,699,064	3,040,335	2,537,866
Recovered costs	37,752	35,406	57,465	100,376	55,660	59,580	2,820	10,364	6,923	66,411
Intergovernmental:										
Commonwealth:	5,085,311	5,060,611	5,164,626	6,845,977	6,209,947	6,338,627	6,875,404	7,038,981	9,028,529	7,684,401
Federal	1,353,340	897,221	942,475	1,023,849	1,219,525	1,495,529	1,583,979	1,884,328	2,198,491	2,192,389
<b>Total revenues</b>	<b>\$ 19,791,971</b>	<b>\$ 19,776,740</b>	<b>\$ 19,900,096</b>	<b>\$ 22,567,777</b>	<b>\$ 21,178,341</b>	<b>\$ 21,482,825</b>	<b>\$ 23,531,173</b>	<b>\$ 24,392,403</b>	<b>\$ 27,024,263</b>	<b>\$ 25,224,289</b>
<b>Expenditures</b>										
General government administration	\$ 1,987,141	\$ 2,093,512	\$ 2,203,116	\$ 2,289,018	\$ 2,141,757	\$ 2,006,186	\$ 2,084,305	\$ 2,290,530	\$ 2,319,337	\$ 2,636,539
Judicial administration	556,137	713,455	661,831	1,178,428	1,125,737	1,082,538	1,093,311	1,169,552	1,240,070	1,222,250
Public safety	5,547,830	6,010,285	6,021,063	6,767,752	6,314,326	6,699,588	6,155,409	6,406,542	6,893,183	7,306,552
Public works	2,599,204	2,852,697	2,834,267	2,900,711	2,672,561	2,667,712	2,994,073	2,741,126	3,469,368	3,375,454
Health and welfare	1,823,156	1,976,883	1,939,683	2,038,092	2,278,482	2,253,374	2,491,473	2,656,373	2,958,128	2,921,634
Parks, recreation and cultural	5,004,055	5,185,634	7,038,821	16,192,846	8,518,439	4,498,458	5,042,614	5,273,296	4,771,004	5,000,089
Community development	1,657,571	1,739,036	1,775,060	1,856,042	1,857,756	1,778,938	1,873,625	2,148,733	2,018,761	2,064,117
Non-departmental	677,889	404,312	635,677	691,469	670,136	1,077,646	2,161,574	2,345,628	2,780,124	2,020,126
Capital projects	1,431,006	863,249	722,764	1,279,040	1,727,243	4,784,258	479,229	33,375	3,192	1,768,169
Debt service:										
Principal retirement	333,844	339,002	349,521	7,902,282	819,987	856,066	952,518	1,067,312	1,114,224	1,065,692
Bond issuance cost	-	-	11,780	-	-	-	76,395	-	-	112,770
Interest and other fiscal charges	144,972	140,509	129,629	126,456	817,932	872,830	1,003,562	1,011,034	1,007,774	960,764
<b>Total expenditures</b>	<b>\$ 21,762,805</b>	<b>\$ 22,318,574</b>	<b>\$ 24,323,202</b>	<b>\$ 43,222,136</b>	<b>\$ 28,944,356</b>	<b>\$ 28,577,594</b>	<b>\$ 26,331,693</b>	<b>\$ 28,309,750</b>	<b>\$ 31,854,902</b>	<b>\$ 30,454,156</b>
<b>Excess (deficiency) of revenues over (under) expenditures:</b>	<b>\$ (1,970,834)</b>	<b>\$ (2,541,834)</b>	<b>\$ (4,423,106)</b>	<b>\$ (20,654,359)</b>	<b>\$ (7,766,015)</b>	<b>\$ (7,094,769)</b>	<b>\$ (2,800,520)</b>	<b>\$ (3,917,347)</b>	<b>\$ (4,830,639)</b>	<b>\$ (5,229,867)</b>
<b>Other financing sources (uses)</b>										
Transfers in	\$ 2,534,769	\$ 3,404,099	\$ 3,674,085	\$ 3,951,150	\$ 2,860,859	\$ 1,830,949	\$ 2,836,723	\$ 4,316,475	\$ 4,652,904	\$ 4,162,219
Transfers out	(402,955)	(1,290,336)	(894,482)	(1,012,193)	(503,469)	(8,115)	(573,536)	(2,101,983)	(817,254)	(601,772)
Issuance of general obligation bonds	-	-	15,910,378	5,926,515	1,082,736	5,244,081	598,183	4,455,549	-	-
Debt service - current refunding - principal	-	-	-	-	-	-	-	(66,769)	-	(6,266,952)
Refunded bonds issued	-	-	-	-	-	-	-	-	-	5,875,000
Premium on refunding bonds issued	-	-	-	-	-	-	-	-	-	519,645
Capital leases	-	-	447,800	13,838	-	-	157,354	-	-	-
Sale of capital assets	-	-	-	24,957	127,883	2,050	-	1,500	-	20,114
<b>Total other financing sources (uses)</b>	<b>\$ 2,131,814</b>	<b>\$ 2,113,763</b>	<b>\$ 19,137,781</b>	<b>\$ 8,904,267</b>	<b>\$ 3,568,009</b>	<b>\$ 7,068,965</b>	<b>\$ 3,018,724</b>	<b>\$ 6,604,772</b>	<b>\$ 3,835,650</b>	<b>\$ 3,708,254</b>
<b>Net change in fund balances</b>	<b>\$ 160,980</b>	<b>\$ (428,071)</b>	<b>\$ 14,714,675</b>	<b>\$ (11,750,092)</b>	<b>\$ (4,198,006)</b>	<b>\$ (25,804)</b>	<b>\$ 218,204</b>	<b>\$ 2,687,425</b>	<b>\$ (994,989)</b>	<b>\$ (1,521,613)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.36%</b>	<b>2.23%</b>	<b>2.03%</b>	<b>19.14%</b>	<b>6.02%</b>	<b>7.27%</b>	<b>7.57%</b>	<b>7.64%</b>	<b>7.43%</b>	<b>7.06%</b>

Table 6

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

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumers' Utility Tax	Motor Vehicle License Tax	Restaurant Food Tax	Business License Tax	Other Local Taxes	Total	Percentage Change from Prior Year
2015	\$ 7,748,164	\$ 885,262	\$ 532,065	\$ 197,566	\$ 1,121,722	\$ 484,247	\$ 603,799	\$ 11,572,825	0.88%
2014	7,601,010	963,013	597,428	193,711	1,086,580	465,200	565,146	11,472,088	0.85%
2013	7,534,523	974,844	575,931	198,060	1,024,005	492,114	575,986	11,375,463	3.04%
2012	7,426,519	900,741	533,966	197,397	988,171	458,918	533,836	11,039,548	4.61%
2011	7,017,704	873,384	560,347	196,726	952,416	414,298	538,664	10,553,539	0.71%
2010	7,141,132	831,986	556,629	185,808	891,213	398,683	473,263	10,478,714	0.09%
2009	7,012,100	868,943	553,552	178,489	884,160	423,557	548,750	10,469,551	11.82%
2008	6,412,871	556,671	577,377	9,165	875,065	403,624	528,469	9,363,242	-11.39%
2007	6,348,319	975,485	774,046	175,935	817,395	381,208	1,094,144	10,566,532	0.73%
2006	6,286,313	965,875	945,106	175,151	793,819	374,131	950,047	10,490,442	0.55%

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

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
2015	\$ 790,264,040	\$ 55,504,264	\$ 458,451	\$ 37,129,238	\$ 23,467,522	\$ 906,823,515	\$ 906,823,515	100.00%
2014	785,174,290	54,833,849	461,847	37,634,310	22,453,921	900,558,217	900,558,217	100.00%
2013	782,058,740	52,975,445	465,027	36,100,390	27,156,009	898,755,611	898,755,611	100.00%
2012	787,822,090	53,499,297	545,379	39,032,130	23,780,929	904,679,825	904,679,825	100.00%
2011	792,140,290	49,448,088	555,501	32,966,578	23,171,319	898,281,776	898,281,776	100.00%
2010	780,509,940	47,670,845	579,471	35,629,683	19,423,669	883,813,608	883,813,608	100.00%
2009	785,296,540	53,562,342	576,215	45,265,604	15,757,184	900,457,885	900,457,885	100.00%
2008	718,790,240	51,680,310	812,966	45,975,680	16,701,061	833,960,257	833,960,257	100.00%
2007	651,350,340	52,306,524	841,554	42,103,216	17,883,260	764,484,894	764,484,894	100.00%
2006	646,978,740	50,411,878	819,150	43,067,600	19,380,191	760,657,559	760,657,559	100.00%

Source: Commissioner of Revenue

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

Fiscal Years	Direct Rates			
	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2015	\$ 0.76	\$ 2.44	\$ 0.76	\$ 1.76
2014	0.76	2.44	0.76	1.76
2013	0.76	2.44	0.76	1.76
2012	0.76	2.44	0.76	1.76
2011	0.76	2.44	0.76	1.76
2010(3)	0.73-0.76	2.44	0.73-0.76	1.76
2009(2)	0.64-0.73	2.44	0.64-0.73	1.76
2008	0.63	2.44	0.63	1.76
2007	0.73	2.44	0.73	1.76
2006	0.73	2.44	0.73	1.76

(1) Per \$100 of assessed value

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

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

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

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (1)	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 8,135,011	\$ 7,963,037	97.89%	\$ -	\$ 7,963,037	97.89%
2014	8,122,764	7,890,379	97.14%	183,124	8,073,503	99.39%
2013	8,070,126	7,845,456	97.22%	144,463	7,989,919	99.01%
2012	7,898,118	7,658,768	96.97%	185,515	7,844,283	99.32%
2011	7,741,672	7,338,433	94.79%	366,596	7,705,029	99.53%
2010	7,769,061	7,599,999	97.82%	138,862	7,738,861	99.61%
2009	7,632,678	7,502,632	98.30%	114,195	7,616,827	99.79%
2008	7,001,383	6,825,946	97.49%	114,579	6,940,525	99.13%
2007	6,930,573	6,830,912	98.56%	61,470	6,892,382	99.45%
2006	6,909,447	6,736,261	97.49%	40,980	6,777,241	98.09%

Source: Commissioner of Revenue, City Treasurer's office

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

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

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

Fiscal Year	Principal(2)	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
2014-15	\$ 1,065,692	\$ 960,764	2,026,456	\$ 30,454,156	6.65%
2013-14	1,114,224	1,007,774	2,121,998	31,854,902	6.66%
2012-13	1,067,312	1,011,034	2,078,346	28,309,750	7.34%
2011-12	952,518	1,003,562	1,956,080	28,577,594	6.84%
2010-11	856,066	872,830	1,728,896	28,577,594	6.05%
2009-10	819,987	817,932	1,637,919	28,944,356	5.66%
2008-09	402,282	126,456	528,738	35,722,136	1.48%
2007-08	349,521	141,409	490,930	24,323,202	2.02%
2006-07	339,002	140,509	479,511	22,318,574	2.15%
2005-06	333,844	144,972	478,816	21,762,805	2.20%

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

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

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

Fiscal Years	Governmental Activities		Business-Type Activities		Total Primary Government	Per Capita
	General Obligation Bonds	Capital Leases	Revenue Bonds	General Obligation Bonds		
2015	\$ 21,157,498	\$ 154,376	\$ 854,355	\$ 2,001,233	\$ 24,167,462	1,473
2014	22,566,904	202,614	892,792	2,615,444	26,277,754	1,602
2013	23,582,010	301,732	931,229	3,220,221	28,035,192	1,709
2012	20,350,159	396,758	969,666	5,404,239	27,120,822	1,653
2011	20,605,434	338,364	956,818	6,018,841	27,919,457	1,702
2010	16,175,099	380,783	130,420	6,616,682	23,302,984	1,487
2009	15,871,273	421,860	138,353	7,204,505	23,635,991	1,508
2008	17,936,087	447,800	146,738	7,763,188	26,293,813	1,678
2007	2,665,608	-	155,122	8,315,458	11,136,188	711
2006	3,004,610	-	68,358	8,835,799	11,908,767	760

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

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

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
2015	\$ 23,158,731	\$ -	\$ 23,158,731	2.55%	1,411
2014	25,182,348	-	25,182,348	2.80%	1,535
2013	26,802,231	-	26,802,231	2.98%	1,633
2012	25,754,398	-	25,754,398	2.85%	1,570
2011	26,624,275	-	26,624,275	2.96%	1,623
2010	22,791,781	-	22,791,781	2.58%	1,454
2009	23,075,778	-	23,075,778	2.56%	1,473
2008	25,699,275	-	25,699,275	3.08%	1,640
2007	10,981,066	-	10,981,066	1.44%	701
2006	11,840,409	-	11,840,409	1.56%	756

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

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 64,697,874	\$ 65,135,034	\$ 71,879,024	\$ 78,529,654	\$ 78,050,994	\$ 79,214,029	\$ 78,782,209	\$ 78,205,874	\$ 78,517,429	\$ 79,026,404
Total net debt applicable to limit	11,840,409	10,981,066	25,699,275	23,075,778	22,791,781	26,624,275	25,754,398	26,802,231	25,182,348	23,158,731
Legal debt margin	\$ 52,857,465	\$ 54,153,968	\$ 46,179,749	\$ 55,453,876	\$ 55,259,213	\$ 52,589,754	\$ 53,027,811	\$ 51,403,643	\$ 53,335,081	\$ 55,867,673
Total net debt applicable to the limit as a percentage of debt limit	18.30%	16.86%	35.75%	29.38%	29.20%	33.61%	32.69%	34.27%	32.07%	29.31%
Legal Debt Margin Calculation for Fiscal Year 2015										
Assessed value										\$ 790,264,040
Total assessed value										\$ 790,264,040
Debt limit (10% of total assessed value)										\$ 79,026,404
Net debt applicable to limit										23,158,731
Legal debt margin										\$ 55,867,673

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

Fiscal Year	Water and Sewer Revenue Bonds					
	Water and Sewer Charges	Less: Operating Expenses	Net Available Revenue	Debt Service (1)		Coverage
				Principal	Interest	
2015	\$ 4,990,731	\$ 4,011,218	\$ 979,513	\$ 623,505	\$ 38,628	1.48
2014	4,732,813	4,104,232	628,581	592,165	45,148	0.99
2013	4,360,386	4,155,050	205,336	606,688	60,175	0.31
2012	4,130,114	3,715,796	414,318	603,468	31,954	0.65
2011	4,202,208	3,683,675	518,533	573,378	34,678	0.85
2010	4,256,817	3,753,602	503,215	547,637	36,738	0.86
2009	3,966,054	3,803,991	162,063	567,068	79,046	0.25
2008	4,536,597	3,714,652	821,945	518,342	133,995	1.26
2007	4,073,279	3,459,438	613,841	503,187	188,011	0.89
2006	3,879,754	3,104,556	775,198	252,530	196,411	1.73

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

---

## COMPLIANCE SECTION

---

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

---

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

---

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Radford, Virginia, as of and for the year ended June 30, 2015, 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 November 16, 2015.

### Internal Control over Financial Reporting

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Robinson, Fauser, Cox Associates*

Blacksburg, Virginia  
November 16, 2015

# ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

---

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

---

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

### Report on Compliance for Each Major Federal Program

We have audited the City of Radford, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Radford, Virginia's major federal programs for the year ended June 30, 2015. 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.

#### *Management's Responsibility*

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the City of Radford, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Radford, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Radford, Virginia's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, the City of Radford, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control over Compliance

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

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

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

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

*Robinson, Fauner, Cox Associates*

Blacksburg, Virginia  
November 16, 2015

CITY OF RADFORD, VIRGINIA  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<i>DEPARTMENT OF AGRICULTURE:</i>			
Pass Through Payments:			
<i>State Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010110/ 0010111/ 0040110/0040111	\$ 129,408
Total Department of Agriculture			\$ 129,408
<i>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</i>			
Pass Through Payments:			
<i>State Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	0950110/0950111	\$ 348
Temporary Assistance for Needy Families	93.558	0400110/0400111	114,683
Refugee and Entrant Assistance-State Administered Programs	93.566	0500109/0500110	322
Low-Income Home Energy Assistance	93.568	0600410/0600411	13,555
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900110/0900111	766
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760110/0760111	20,637
Chafee Education and Training Vouchers Program	93.599	93599	1,031
Foster Care - Title IV-E	93.658	1100110/ 1100111	111,383
Adoption Assistance	93.659	1120110/1120111	129,172
Social Services Block Grant	93.667	1000110/1000111	81,383
Chafee Foster Care Independence Program	93.674	9150110/ 9150111	3,906
Children's Health Insurance Program	93.767	0540110/0540111	4,195
Medical Assistance Program	93.778	1200110/1200111	146,156
Total Department of Health and Human Services			\$ 627,537
<i>DEPARTMENT OF HOMELAND SECURITY:</i>			
Pass Through Payments:			
<i>State Department of Emergency Management:</i>			
State Homeland Security Program	97.073	52707/52708	\$ 2,000
Total Department of Homeland Security			\$ 2,000
<i>DEPARTMENT OF JUSTICE:</i>			
Pass Through Payments:			
<i>State Department of Criminal Justice Services:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Unknown	\$ 4,083
Total Department of Justice			\$ 4,083
Department of the Treasury:			
Pass Through Payments:			
Office of the Virginia Attorney General Equitable Sharing Program	21.000	Unknown	\$ 21,084
Total Department of the Treasury			\$ 21,084

CITY OF RADFORD, VIRGINIA  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<i>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</i>			
Direct Payments:			
Community Development Block Grants/Entitlement Grants	14.218	NA	\$ 203,606
Total Department of Housing and Urban Development			<u>\$ 203,606</u>
<i>DEPARTMENT OF TRANSPORTATION:</i>			
Pass Through Payments:			
<i>State Department of Rail and Transportation:</i>			
Formula Grants for Rural Areas	20.509	72013-45	\$ 698,265
<i>State Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	50245/51151	6,406
<i>Virginia Department of Transportation:</i>			
Highway Planning and Construction	20.205		<u>500,000</u>
Total Department of Transportation			<u>\$ 1,204,671</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,192,389</u></u>

**Notes to Schedule of Expenditures of Federal Awards**

Note A-Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Radford, Virginia under programs of the federal government for the year ended June 30, 2015. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the City of Radford, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Radford, Virginia.

Note B-Summary of Significant Accounting Policies

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

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

Note C-Relationship to the Financial Statements:

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 756,945
Grants Fund	237,179
Transit Fund	698,265
Capital Project Fund	<u>500,000</u>
Total primary government	<u>\$ 2,192,389</u>

**Section I - Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards**

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

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

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
20.509	Formula Grants for Rural Areas
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee?	Yes
--	-----

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

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

**Section IV - Status of Prior Audit Findings and Questioned Costs**

There were no prior findings related to federal programs.