

**CITY OF
LYNCHBURG, VIRGINIA**

Annual Comprehensive Financial Report
for the fiscal year ended June 30, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

**CITY OF LYNCHBURG,
VIRGINIA**

Prepared by:
Financial Services

CITY OF LYNCHBURG, VIRGINIA

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal	i
Directory of Principal Officials	v
Organizational Structure	vi

FINANCIAL SECTION

Independent Auditor's Report	1
---	----------

Management's Discussion and Analysis	5
---	----------

Basic Financial Statements

Government-wide Financial Statements:

Exhibit 1	Statement of Net Position	7
Exhibit 2	Statement of Activities	8

Fund Financial Statements:

Exhibit 3	Balance Sheet – Governmental Funds	9
Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	10
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	11
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	12
Exhibit 7	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	13
Exhibit 8	Statement of Net Position – Proprietary Funds	14
Exhibit 9	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	15
Exhibit 10	Statement of Cash Flows – Proprietary Funds	16
Exhibit 11	Statement of Fiduciary Net Position – Fiduciary Fund	18
Exhibit 12	Statement of Changes in Fiduciary Net Position – Fiduciary Fund	19

Notes to Financial Statements	20
-------------------------------------	----

Required Supplementary Information

Exhibit 13a	Schedule of Changes in Net Pension Liability and Related Ratios – Primary Government	105
Exhibit 13b	Schedule of Changes in Net Pension Liability and Related Ratios – Schools – Non-Professional Employees	106
Exhibit 14	Schedule of Pension Contributions	107
Exhibit 15	Schedule of Employer's Share of Net Pension Liability – VRS Teachers Retirement Plan	108
Exhibit 16	Schedule of Pension Contributions – VRS Teacher Retirement Plan	109

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION
(Continued)

Required Supplementary Information (Continued)

Exhibit 17a	Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios – Primary Government.....	110
Exhibit 17b	Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios – Lynchburg City Schools	111
Exhibit 17c	Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios for Health Insurance Credit Schools	112
Exhibit 18	Schedule of Changes in Net OPEB for Line of Duty Act (LODA) – Primary Government.....	113
Exhibit 19a	Schedule of OPEB Contributions Group Life Insurance.....	114
Exhibit 19b	Schedule of OPEB Contributions Group Life Insurance – Schools General Employees	115
Exhibit 19c	Schedule of OPEB Contributions Group Life Insurance – School Teachers	116
Exhibit 20	Schedule of OPEB Contributions for Health Insurance Credit – School Teachers and General Employees	117
Exhibit 21a	Schedule of Employer’s Share of Net OPEB Liability – City of Lynchburg Group Life Insurance	118
Exhibit 21b	Schedule of Employer’s Share of Net OPEB Liability Group Life Insurance – Schools General Employees	119
Exhibit 21c	Schedule of Employer’s Share of Net OPEB Liability Group Life Insurance – School Teachers.....	120
Exhibit 22	Schedule of Employer’s Share of Net OPEB Liability Health Insurance Credit – School Teachers.....	121
	Notes to Required Supplementary Information	122

Other Supplemental Information

	Notes to Combining and Individual Fund Statements and Schedules	
	Nonmajor Governmental Funds	125
	Nonmajor Special Revenue Funds	
Exhibit A-1	Combining Balance Sheet.....	126
Exhibit A-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	128
Exhibit A-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – City/Federal/State Aid Fund	130
Exhibit A-4	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Development Block Grant Fund	131
Exhibit A-5	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Forfeited Assets Fund	132
Exhibit A-6	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Children’s Services Act Fund	133
Exhibit A-7	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Lynchburg Expressway Appearance Fund	134
Exhibit A-8	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – HOME Investment Partnerships Program Fund	135
Exhibit A-9	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Lynchburg Regional Juvenile Detention Center Fund.....	136

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION
(Continued)

Other Supplemental Information (Continued)

Major Capital Projects Fund

Exhibit B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – City Capital Projects	137
Exhibit B-2	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – School Capital Projects	138

Discretely Presented Component Unit – Lynchburg City Schools

Exhibit C-1	Combining Balance Sheet	139
Exhibit C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	140
Exhibit C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	141
Exhibit C-4	Statement of Fiduciary Net Position	142
Exhibit C-5	Combining Statement of Fiduciary Net Position	143
Exhibit C-6	Statement of Changes in Fiduciary Net Position	144

Discretely Presented Component Units – Other

Exhibit D-1	Combining Statement of Net Position	145
Exhibit D-2	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	146
Exhibit D-3	Combining Statement of Cash Flows	147

Supplemental Schedules

Schedule 1	Schedule of Expenditures of Federal Awards	149
Notes to Schedule of Expenditures of Federal Awards		156
Schedule 2	Schedule of Passenger Facility Charges	158
Schedule 3	Schedule of Expenditures of Passenger Facility Charges	158

STATISTICAL SECTION

Statistical Section Table of Contents		160
Miscellaneous Statistical Data.....		161
Table 1	Net Position by Component, Last Ten Fiscal Years.....	167
Table 2	Changes in Net Position, Last Ten Fiscal Years.....	168
Table 3	Program Revenues by Function/Program, Last Ten Fiscal Years.....	171
Table 4	Fund Balances, Governmental Funds, Last Ten Fiscal Years.....	172
Table 5	Changes in Fund Balances of Governmental Funds, Last Ten Fiscal Years	173
Table 6	Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund, Last Ten Fiscal Years	174
Table 7	Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – School Fund, Last Ten Fiscal Years	175
Table 8	Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Water Fund, Last Ten Fiscal Years.....	176

TABLE OF CONTENTS
(Continued)

STATISTICAL SECTION
(Continued)

Table 9	Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Sewer Fund, Last Ten Fiscal Years	177
Table 10	Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Stormwater Fund, Last Ten Fiscal Years.....	178
Table 11	Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Airport Fund, Last Ten Fiscal Years.....	179
Table 12	Tax Revenues by Source, Governmental Funds, Last Ten Fiscal Years.....	180
Table 13	Assessed Value of Taxable Real Property, Last Ten Fiscal Years.....	181
Table 14	Assessed Value of All Taxable Property, Last Ten Fiscal Years.....	182
Table 15	Principal Property Taxpayers, Current Year and Nine Years Ago	183
Table 16	Property Tax Levies and Collections, Last Ten Fiscal Years	184
Table 17	Property Tax Rates, Last Ten Fiscal Years.....	185
Table 18	Taxable Retail Sales and Taxable Retail Sales per Capita, Last Ten Fiscal Years	186
Table 19	Water and Sewer Rates, Last Ten Fiscal Years	187
Table 20	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years.....	188
Table 21	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	189
Table 22	Legal Debt Margin Information, Last Ten Fiscal Years	190
Table 23	Pledged Revenue Coverage Sewer, Last Ten Fiscal Years.....	191
Table 24	Pledged Revenue Coverage Stormwater, Last Five Fiscal Years	192
Table 25	Demographic and Economic Statistics, Last Ten Calendar Years	193
Table 26	Principal Employers, Current Year and Nine Years Ago	194
Table 27	Full-Time Equivalent City Government Employees by Function/Program, Last Ten Fiscal Years	195
Table 28	Operating Indicators by Function/Program, Last Ten Fiscal Years	196
Table 29	Capital Assets Statistics by Function/Program, Last Ten Fiscal Years.....	197
Table 30	Lynchburg City Schools – Student Enrollment, Employees and Schools by Fiscal Year, Last Ten Years.....	198

COMPLIANCE SECTION

Independent Auditor’s 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>	200
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	202
Independent Auditor’s Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with the Passenger Facility Charge Program Audit Guide.....	205
Summary of Compliance Matters.....	208
Schedule of Findings and Questioned Costs	209
Summary Schedule of Prior Audit Findings	212

INTRODUCTORY SECTION



December 1, 2023

The Honorable Mayor and Members of the City Council
City of Lynchburg, Virginia

The Annual Comprehensive Financial Report (ACFR) for the City of Lynchburg, Virginia, (City) for the year ended June 30, 2023, is hereby submitted in accordance with the *City Code* and State statutes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. With reasonable assurance, based upon a comprehensive framework of internal controls, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows, as applicable, of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State law and *City Code* require the financial statements of the City be audited by an independent certified public accountant. Brown, Edwards & Company, LLP has performed an audit of the ACFR. The independent auditor's report, including opinions on the basic financial statements of the government-wide and fund financial statements, is contained in the Financial Section of this report. Brown, Edwards & Company, LLP also audited the component unit financial statements of the Lynchburg City Schools (LCS) and the Greater Lynchburg Transit Company (GLTC).

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report. The information presented in the MD&A provides a narrative introduction, overview, and analysis of the basic financial statements and should be considered in conjunction with additional information provided in this Letter of Transmittal.

The financial reporting entity includes all funds of the primary government (i.e., the City of Lynchburg), as well as its component units. The City provides a full range of municipal services including general administration, legal counsel, police, fire protection and emergency medical services, parks and recreation, libraries, museums, juvenile and social services, maintenance of streets and highways, economic development, tourism and community development. The City also owns and operates water, sewer and stormwater systems and a regional airport. The City's discretely presented component units, LCS, Business Development Centre, Inc., and GLTC, provide public education, various small business services, and public transportation, respectively, to the citizens of the City. Each of these component units' governing bodies is appointed by City Council. Excluded are the financial statements of the Lynchburg Redevelopment and Housing Authority and the City's Economic Development Authority (EDA). These organizations are associated with the City, but are legally separate entities. Also excluded are the financial statements of the Blue Ridge Regional Jail Authority, Horizon Behavioral Health, and the Region 2000 Services Authority, which are jointly governed organizations.

City Council has approved Debt Management, Fund Balance, Budget, and Investment policies to guide fiscal decision-making and to ensure continued strong financial health. These policies were revised and reaffirmed by City Council in January 2023. During the fiscal year, adherence to these financial policies guide the City's management of its investment portfolio, the maintenance of budget reserve levels, and the development of the Capital Improvement Program.

As required by law, each year, at least 45 days prior to June 30, the City Manager submits to City Council a recommended balanced budget for the fiscal year beginning July 1. After citizen engagement, budget preparation, and a Council review process that includes multiple work sessions and a public hearing, City Council adopts the annual budget. The annual budget includes all funds represented in the City's ACFR. The budget must be adopted no later than the day the fiscal year begins (July 1).

The City of Lynchburg was incorporated in 1805 by the Virginia General Assembly and became an independent city in 1852. Encompassing 50 square miles, Lynchburg is located adjacent to Amherst, Bedford, and Campbell Counties, on the eastern edge of the beautiful Blue Ridge Mountains, and is within 54 miles of the geographic center of the Commonwealth of Virginia. The County of Appomattox is also included in the Lynchburg Metropolitan Statistical Area. With an estimated population of 80,127, Lynchburg is an important commercial center for the four-county region known as Central Virginia. It serves a regional population of almost 264,000 and benefits from an economy that remains diversified among the manufacturing, health services, technology, retail, trade, and higher education sectors. The City is home to five colleges and universities with a sixth in Amherst County.

The City of Lynchburg has been organized under the Council-Manager form of government since 1920. City Council is the governing body that makes all policy decisions for the City. City Council is elected by the voters and is comprised of seven members, who elect amongst themselves the Mayor and Vice-Mayor for a two-year term. Three City Council members are elected at-large and four are elected from wards. Terms are four years and are staggered so a portion of Council is elected every two years. City Council appoints a City Manager to act as administrative head of the City. The City Manager serves at the pleasure of City Council to carry out its policies and direct and oversee City operations. The City Manager has the power of appointment and removal of the directors and employees of all departments of the City.

Local Economic Condition and Outlook

Lynchburg is a city that makes things and produces talent for the world. Top industries include nuclear engineering, manufacturing, healthcare and social assistance, retail trade, and higher education. With five colleges and universities, Lynchburg's professional and knowledge economy is driven by "meds and eds." These sectors of the local economy are known as "Anchor Institutions." Additionally, there is a large manufacturing base and the nuclear workforce is above the national average. Combined, these contribute to the growth of the hospitality and tourism sectors with Lynchburg being the central entertainment, visitor, and employment hub for the region.

The Lynchburg business community continues to lead the regional economy with significant capital investment and job creation. The City issued \$174.8 million in commercial construction permits in FY 2023. With over 3,000 active businesses in Lynchburg, 46% of those have been in business ten years or more.

The City continues to maintain its role as an employment and commercial center for Central Virginia. In FY 2023, real property assessments experienced significant growth based on the active market and low housing stock. Personal property assessments also experienced significant growth due to fewer new and used vehicles being available for sale. Consumption driven revenues, including sales, meals, and lodging taxes, were back to pre-pandemic levels, which also significantly exceeded FY 2023 projections. Looking ahead, real property assessments will increase again based on the market and personal property values are projected to grow slightly compared to FY 2023 due to more vehicles being available.

As part of a long-term financial plan, five-year revenue projections are developed with a focus on ensuring forecasts are based on the latest economic conditions, as well as changes in consumer spending. The City's Fund Balance Policy is used to ensure the City has sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenues without the need to borrow. The balance in excess of policy requirements is used as a source of one-time funds for items such as pay-as-you-go projects within the Capital Improvement Program and other City Council initiatives.

Through collaborative meetings between City Council and the City Manager, City Council identified priorities to move Lynchburg forward in the areas of Public Safety, Infrastructure, Lifelong Learning, Economic Development, and Quality of Life. Within these priorities, initiatives have been identified to make meaningful progress.

Major Initiatives and Accomplishments

Education

During the 2022-2023 school year, Lynchburg City Schools continued its focus on providing excellent educational programs and services through innovative student opportunities. Building on its school year theme of "Reset and Refresh," LCS recommitted to capturing the vision for what students can achieve while refocusing on management best practices to ensure investments of both financial and human capital meet the needs of students today. In order to address COVID-related behavioral challenges and to keep more students focused and engaged in school, LCS implemented a new Restorative Suspension Center and other associated Restorative Justice programs at the secondary level. Additionally, in order to chart a course for the instructional program in years to come, LCS engaged in a facilities and programmatic master plan, seeking wide engagement from members of the Lynchburg community. This plan calls for the streamlining and realignment of schools to ensure the best use of resources, enhance programming opportunities, and reaffirm LCS's place as an outstanding public school system. Finally, LCS implemented forward-focused programs, such as the pre-Advanced Placement program, designed to advance academic achievement for all students.

Infrastructure

Infrastructure improvements in FY 2023 included the continued construction of a new Police Department Headquarters, the completion of Lakeside Drive Bridge over Blackwater Creek including a new roundabout, and the continuation of Streetscape Improvements Downtown.

Technology

The City of Lynchburg was once again recognized nationally as a leader in using information technology to assist in service delivery. In its annual Digital Cities Survey, conducted in 2022, e.Republic's Center for Digital Government and Digital Communities Program ranked Lynchburg fourth in the nation among city governments in the 75,000 – 124,999 population category. Lynchburg has been ranked in the top ten since 2004, ranking first for communities of its size in four of those years.

Transportation

Greater Lynchburg Transit Company provides critical public bus and paratransit services for Lynchburg citizens. GLTC operates 14 bus routes within the City of Lynchburg and a portion of Madison Heights.

The City is also served by the Lynchburg Regional Airport (LRA), a Federal Aviation Administration-designated small non-hub commercial airport with significant general aviation flight and training activity. In 2023 the Assistant Airport Director received the distinction of Accredited Airport Executive by the American Association of Airport Executives.

Prospects for the Future

As the City moves forward in an ever-changing environment, it faces many challenges as a central city. With a growing population, over 26,000 college graduates each year, and expanded tourism events, the City remains livable, affordable, and beautiful with a strong sense of inclusion and community.

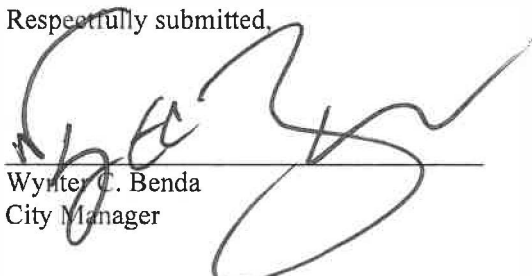
Financial Certificate of Achievement for Excellence

The City was awarded the GFOA Distinguished Budget Presentation Award for its FY 2023 Adopted Budget. This is the City's eighteenth consecutive year receiving this award.


Acknowledgments

The preparation of the Annual Comprehensive Financial Report was made possible by the leadership of Rhonda Allbeck, Assistant Director of Financial Services; Reid Lanham, Accounting Manager; and the dedicated staff of the Financial Services Department. Each member of the department has our appreciation for their outstanding efforts in the preparation of this report. Appreciation is also expressed to City Council for its guidance and supporting compliance with its Financial Policies.

Respectfully submitted,



Wynter C. Benda
City Manager



Donna S. Witt
Chief Financial Officer

CITY OF LYNCHBURG, VIRGINIA
COUNCIL-MANAGER FORM OF GOVERNMENT

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2023

CITY COUNCIL

Stephanie Reed, Mayor

Chris Faraldi, Vice-Mayor
MaryJane Dolan
Sterling Wilder

Jeff Helgeson
Marty Misjuns
Larry Taylor

CITY OFFICIALS

Wynter Benda
Gregory Patrick
Kent. L. White (Interim)
Matthew Freedman
Donna Witt

City Manager
Deputy City Manager
Assistant City Manager
City Attorney
CPFO Chief Financial Officer

SCHOOL BOARD

Dr. James E. Coleman, Chair

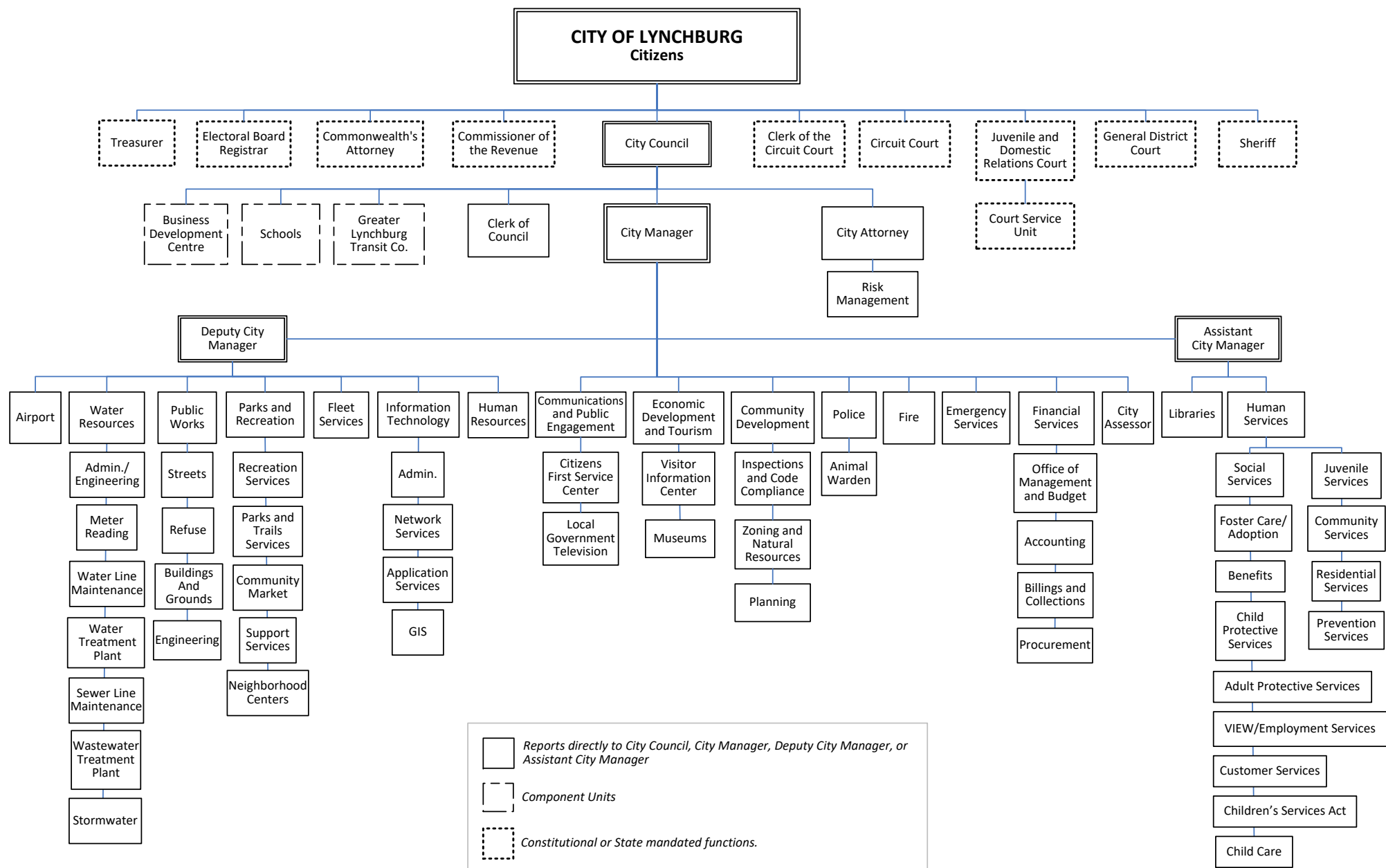
Dr. Robert O. Brennan, Vice Chair
Dr. Sharon Y. Carter
Dr. Atul Gupta
Dr. Kimberly A. Sinha

Mr. Anthony Andrews
Dr. Martin Day
Mrs. Gloria Preston
Mr. Randy T. Trost

SCHOOL BOARD OFFICIALS

Dr. Crystal M. Edwards
Amy Pugh
Dr. Reid Wodicka
Mrs. Karen Capozzi

Superintendent of Schools
Deputy Superintendent of Instruction and Programs
Deputy Superintendent of Operations and Strategic Planning
Chief Financial Officer



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council and the City Manager
City of Lynchburg, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Report on the Audit of the Financial Statements (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2023

CITY OF LYNCHBURG, VIRGINIA

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) of the City of Lynchburg's (City) financial statements offers readers a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2023. The Lynchburg City Schools (Schools) component unit is included in this narrative also. The information presented here should be considered in conjunction with additional information provided in the Letter of Transmittal.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources at June 30, 2023 by \$570.2 million (net position). Unrestricted net position of \$51.5 million represented \$15.4 million for governmental activities, which included the general fund, and \$36.1 million for business-type activities, which included the enterprise funds (water, sewer, stormwater, and airport).
- The general fund's unassigned fund balance of \$68.1 million was 26.2% of total general fund revenues, which were \$260.3 million. This was \$42.1 million more than the City Council adopted unassigned fund balance policy requirement of 10%, or \$26.0 million.
- In comparison with the prior fiscal year, the City's total net position increased 15.5%, or \$76.5 million, from FY 2022. Net position of governmental activities increased 29.9%, or \$62.2 million, from FY 2022; and, net position of business-type activities increased 5.0%, or \$14.3 million. The Schools' total net position increased 14.8% or \$11.7 million, from FY 2022.
- The City's total revenues of \$348.5 million increased 18.6%, or \$54.6 million, and total expenses of \$272.0 million increased 10.4%, or \$25.6 million, from FY 2022. General revenues of \$212.4 million were \$76.5 million more than the expenses net of program revenues of \$135.9 million.
- For the current fiscal year, the City's total liabilities and deferred inflows of resources of \$638.0 million decreased 3.2% or \$20.9 million from FY 2022.
- The City increased its overall debt by \$26.9 million. Governmental activities increased by \$22.0 million and business-type activities increased by \$4.9 million. This includes the issuance of new debt totaling \$67.1 million, of which \$41.8 million was for governmental activities and \$25.3 million was for business-type activities. Debt retirements, through a combination of planned retirements and lease payments, totaled \$21.7 million; of which \$11.9 million was for governmental activities and \$9.8 million was for business-type activities. Additionally, there was an \$18.5 million overall decrease in the use of bond anticipation notes of which \$7.9 million was for governmental activities and \$10.6 million was for business-type activities. The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service; an AA+ rating from Fitch Ratings; and, an AA+ from Standard & Poor's Global Ratings Services.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the City of Lynchburg's basic financial statements. The 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 including budgetary comparisons.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. One of the most important questions asked about the City's finances is, "Is the City as a whole better or worse as a result of the year's activities?". The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the City's net position and changes in net position. One can think of the City's net position – the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources – as a way to measure the City's financial health, or financial position. Over time, increases or decreases in net position help determine whether the City's financial position is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the City is divided into the following:

Governmental activities - The City's basic services are reported here: general government, police, fire and emergency medical services, public works, juvenile and social services, parks and recreation, community development, and fleet internal services. Property taxes, other taxes, and intergovernmental revenue are the primary sources that finance these activities.

Business-type activities - The financial information for the water, sewer, stormwater, and airport activities are reported here. The City charges a fee to customers to fund all or most of the cost of services provided by these activities.

Component units - The City also includes three separate legal entities in its report – the Lynchburg City Schools, the Greater Lynchburg Transit Company, and the Business Development Centre, Inc. While these represent legally separate entities, their operational or financial relationship with the City makes the City financially accountable.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate fiscal accountability. As described in the following information, the City uses governmental, proprietary, and fiduciary fund financial statements to provide detailed information regarding its most significant funds.

Governmental Funds

Governmental funds report most of the City's basic services. The funds focus on cash and other financial resources that can be readily converted to cash flows in and out, and balances left at year-end that are available for future spending. Consequently, the governmental funds statements provide a near or short-term view of the City's finances that helps the reader determine whether there are greater or fewer financial resources available in the near future to finance City programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements to explain the relationship (or differences) between them.

Proprietary Funds

Proprietary funds report the same functions that are presented as business-type activities in the government-wide financial statements. Proprietary funds are classified as enterprise or internal service funds. An enterprise fund reports any activity for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided on a cost reimbursement basis from activities within the government. The City maintains the accounting for four enterprise funds: water, sewer, stormwater, and airport operations; and an internal service fund to account for its fleet services. Because fleet services predominantly benefit governmental rather than business-type functions, the internal service fund is included within governmental activities in the government-wide financial statements.

Custodial Funds

Custodial funds account for assets held by the City in a trustee capacity or as an agent for others. Activities from custodial funds are not included in the government-wide financial statements because the City cannot use these assets for its operations.

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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees.

The combining and individual fund statements and schedules for all nonmajor funds include the governmental, special revenue, and capital projects funds. Budget to actual statements are provided for governmental and special revenue funds with legally adopted budgets. The City's and the Schools' financial statements are included in one Annual Comprehensive Financial Report. The Greater Lynchburg Transit Company and the Business Development Centre, Inc. issue separate reports.

Other Supplementary Information for the City and Schools includes a Statistical Section, Schedule of Expenditures of Federal Awards, and Schedules of Passenger Facility Charges Revenues and Expenditures.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table reflects condensed information for the City's net position. Percentage changes in the table below were rounded for the following narrative.

Summary of Statement of Net Position
As of June 30, 2023/2022
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2023	2022	2023	2022	2023	2022	2023-2022	2023	2022
Current and other assets	\$ 228.0	\$ 199.6	\$ 74.2	\$ 63.1	\$ 302.2	\$ 262.7	15%	\$ 18.4	\$ 15.7
Capital assets	431.7	416.8	443.0	436.4	874.7	853.2	3%	6.3	7.7
Net pension asset	-	-	-	-	-	-	-	0.9	1.5
Total assets	659.7	616.4	517.2	499.5	1,176.9	1,115.9	5%	25.6	24.9
Total deferred outflows of resources	26.7	31.4	4.6	5.3	31.3	36.7	-15%	18.9	21.6
Long-term liabilities	336.6	286.5	207.9	190.6	544.5	477.1	14%	77.3	67.7
Other liabilities	20.4	29.8	7.9	18.4	28.3	48.2	-41%	11.3	9.5
Total liabilities	357.0	316.3	215.8	209.0	572.8	525.3	9%	88.6	77.2
Total deferred inflows of resources	58.9	123.2	6.3	10.4	65.2	133.6	-51%	23.3	48.4
Net Position									
Net investment in capital assets	252.8	240.1	263.6	259.0	516.4	499.1	3%	6.3	7.7
Restricted for Capital projects	0.5	-	-	-	0.5	-	100%	-	-
Restricted for Grants and other	1.8	3.3	-	-	1.8	3.3	-45%	-	-
Net pension asset	-	-	-	-	-	-	0%	0.9	1.5
Unrestricted	15.4	(35.1)	36.1	26.4	51.5	(8.7)	-692%	(74.6)	(88.3)
Total net position	\$ 270.5	\$ 208.3	\$ 299.7	\$ 285.4	\$ 570.2	\$ 493.7	15%	\$ (67.4)	\$ (79.1)

The City's total net position of \$570.2 million increased 15.5%, or \$76.5 million, from FY 2022.

Net investment in capital assets of \$516.4 million was 90.6% of total net position and increased 3.5%, or \$17.3 million. Net position invested in capital assets was not available for future expenses because the assets are facilities, equipment, and infrastructure, etc. utilized to provide services. Please refer to Notes 8 and 9 of this report and the MD&A's capital assets and long-term debt sections.

The City has unrestricted net position of \$51.5 million, which is comprised of 29.9%, or \$15.4 million, for governmental activities, and 70.1%, or \$36.1 million, for business-type activities. Unrestricted net position available for providing services to the citizens increased 692.0%, or \$60.2 million from FY 2022. Restricted net position of \$2.3 million primarily consists of grant funds restricted mainly for public safety.

The Schools' component unit total net position of (\$67.4) million increased 14.8%, or \$11.7 million from FY 2022. Unrestricted net position of (\$74.6) million increased 15.5%, or \$13.7 million from FY 2022.

Statement of Activities

The City's total revenues and expenses for governmental activities, business-type activities, and the Schools' component unit are reflected in the following table. Percentage changes in the table below were rounded for the following narrative.

Summary of Changes in Net Position For Fiscal Years Ended June 30, 2023/2022 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2023	2022	2023	2022	2023	2022	2023-2022	2023	2022
Revenues:									
Program Revenues:									
Charges for services	\$ 19.6	\$ 16.3	\$ 51.5	\$ 48.1	\$ 71.1	\$ 64.4	10%	\$ 2.4	\$ 1.8
Operating grants/contributions	53.4	49.6	2.9	2.9	56.3	52.5	7%	96.5	83.5
Capital grants/contributions	6.1	2.3	2.6	8.9	8.7	11.2	-22%	-	-
General Revenues:									
Property taxes	96.3	93.8	-	-	96.3	93.8	3%	-	-
Other taxes	67.9	64.4	-	-	67.9	64.4	5%	-	-
Unrestricted intergovernmental	39.8	6.5	-	-	39.8	6.5	512%	-	-
Interest	4.7	(0.4)	1.9	0.1	6.6	(0.3)	-2300%	-	-
Miscellaneous	1.5	0.9	0.1	0.2	1.6	1.1	45%	1.6	1.3
Gain on sale of assets	0.2	0.3	-	-	0.2	0.3	-33%	-	-
City appropriation	-	-	-	-	-	-	-	41.2	38.8
Total Revenues	289.5	233.7	59.0	60.2	348.5	293.9	19%	141.7	125.4
Expenses:									
General government	16.4	14.4	-	-	16.4	14.4	14%	-	-
Judicial	7.1	6.8	-	-	7.1	6.8	4%	-	-
Public safety	59.0	49.4	-	-	59.0	49.4	19%	-	-
Public works	31.2	28.5	-	-	31.2	28.5	9%	-	-
Health and human services	32.8	29.9	-	-	32.8	29.9	10%	-	-
Cultural and recreational	12.7	11.8	-	-	12.7	11.8	8%	-	-
Community development	7.4	6.5	-	-	7.4	6.5	14%	-	-
Education	46.9	45.4	-	-	46.9	45.4	3%	130.0	114.2
Interest & other fiscal charges	6.0	5.8	-	-	6.0	5.8	3%	-	-
Issuance costs	0.3	-	-	-	0.3	-	100%	-	-
Stormwater	-	-	3.8	3.7	3.8	3.7	3%	-	-
Airport	-	-	5.5	5.6	5.5	5.6	-2%	-	-
Water	-	-	16.0	14.2	16.0	14.2	13%	-	-
Sewer	-	-	26.9	24.4	26.9	24.4	10%	-	-
Total Expenses	219.8	198.5	52.2	47.9	272.0	246.4	10%	130.0	114.2
Increase in net position before transfers	69.7	35.2	6.8	12.3	76.5	47.5	61%	11.7	11.2
Transfers	(7.5)	-	7.5	-	-	-	-	-	-
Increase in net position	62.2	35.2	14.3	12.3	76.5	47.5	61%	11.7	11.2
Net position beginning	208.3	173.1	285.4	273.1	493.7	446.2	11%	(79.1)	(90.3)
Net position ending	\$270.5	\$208.3	\$299.7	\$285.4	\$570.2	\$493.7	15%	\$(67.4)	\$(79.1)

Governmental Activities

The City's governmental activities are comprised of the general fund, fleet internal services fund, special revenue funds, and capital projects funds. Total net position of \$270.5 million increased 29.9%, or \$62.2 million from FY 2022.

Revenue highlights:

Revenues from governmental activities of \$289.5 million increased 23.9%, or \$55.8 million from FY 2022.

Program revenues, specifically charges for services of \$19.6 million had an overall increase of \$3.3 million. The increase was primarily due to the following: \$1.0 million in Opioid abatement funds; \$0.4 million in health and human services primarily for the Lynchburg Group Home; \$0.7 million in Ambulance service fees; and \$0.5 million in Lynchburg Regional Juvenile Detention Center charges.

Operating grants and contributions increased \$3.8 million. The increase is primarily attributed to the following: \$0.7 million increase in HOME Investments Partnership Program funds; \$1.3 million increase in health and human services funds; \$1.9 million increase in Street and Highway Maintenance Funds; and a decrease in CARES Act funding of \$0.2 million.

Capital grants and contributions increased \$3.8 million primarily due to Virginia Department of Transportation (VDOT) revenue sharing grants and VDOT Federal grant reimbursements along with CARES funding for Lynchburg City Schools capital projects.

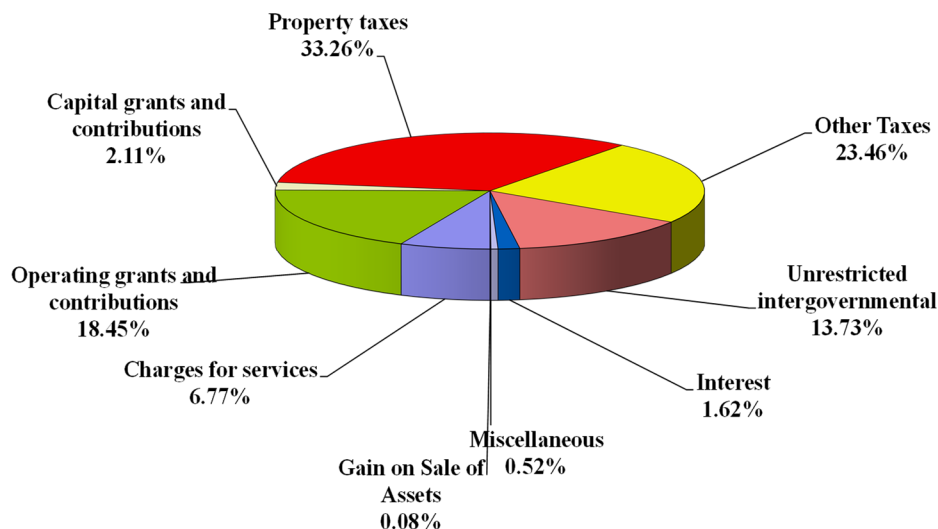
General revenues, specifically property taxes of \$96.3 million, increased \$2.5 million. Property taxes are comprised mainly of real property and personal property taxes. The City's general reassessment of real property occurs biennially and is effective on July 1 of the fiscal year. Real estate taxes increased \$0.9 million and personal property taxes increased \$1.2 million. Penalty and interest on taxes increased \$0.3 million. PSC taxes increased \$0.1 million.

Other taxes revenue of \$67.9 million increased \$3.5 million. Other taxes are comprised mainly of revenue from local sales, meals, lodging, consumer utilities, business licenses, motor vehicle licenses, and communications sales and use taxes. The increase is primarily attributed to the following: \$1.3 million increase in local sales tax; \$1.6 million increase in meals tax; \$0.8 million increase in business license tax; \$0.4 million in lodging tax; and \$0.3 million decrease in consumer utility tax; \$0.2 million decrease in recordation tax; and \$0.1 million decrease in tobacco tax.

Unrestricted intergovernmental revenue of \$39.8 million increased \$33.3 million due to the American Rescue Plan Act (ARPA) funding.

The following chart reflects the governmental activities distribution of revenues by source.

Revenue by Source-Governmental Activities



Expense highlights:

Governmental activities expenses of \$219.8 million increased 10.7%, or \$21.3 million from FY 2022. Approximately \$9.0 million of the increase is due to compensation adjustments implemented in FY 2023. The adjustments included a general wage increase of 3%; a plan to address compression issues; and a special compensation plan for public safety.

Other increases include \$1.2 million in real estate tax credits to citizens; \$1.5 million in the local contribution to the Schools; \$0.4 million for the Lynchburg Regional Juvenile Detention Center; \$1.1 million for Blue Ridge Regional Jail; \$1.8 million for health and human Services which includes juvenile services, Children's Services Act, adoption, and foster care; \$0.8 million in HOME Investment Partnerships Program funds; \$0.2 million in interest; and \$0.3 million in debt issuance costs.

The following table indicates the total cost of services and net cost of services for governmental activities.

***Net Cost of Governmental Activities
For Fiscal Years Ended FY 2023/2022
(in millions)***

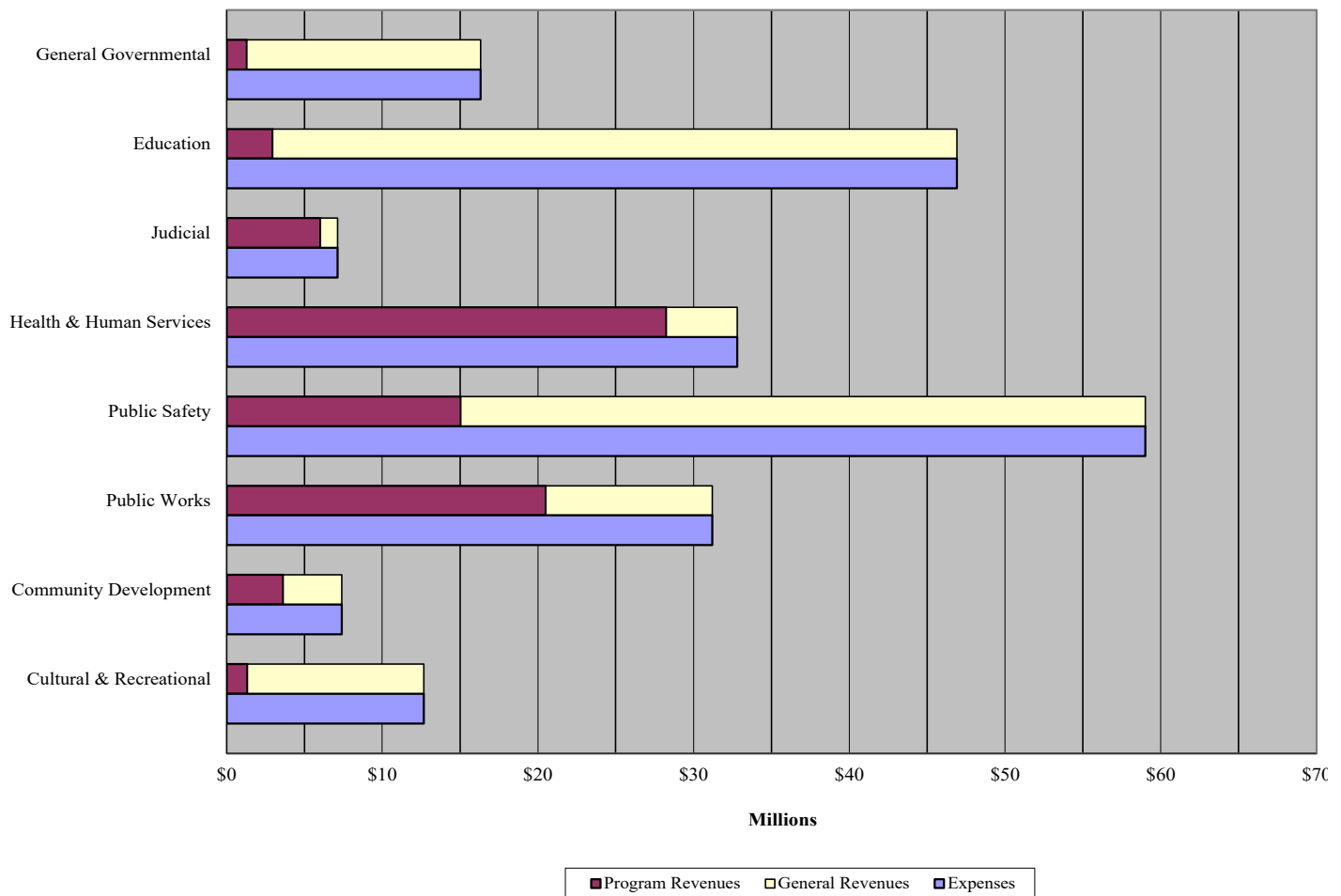
Governmental Activity	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2023	2022	2023-2022	2023	2022	2023-2022
General government	\$ 16.4	\$ 14.4	14%	\$ 15.1	\$ 12.9	17%
Judicial	7.1	6.8	4%	1.1	2.1	-48%
Public safety	59.0	49.4	19%	44.0	35.9	23%
Public works	31.2	28.5	9%	10.7	11.5	-7%
Health and human services	32.8	29.9	10%	4.5	3.4	32%
Cultural and recreational	12.7	11.8	8%	11.3	10.4	9%
Community development	7.4	6.5	14%	3.8	3.4	12%
Education	46.9	45.4	3%	43.9	44.9	-2%
Interest payments & other fiscal charges	6.0	5.8	3%	6.0	5.8	3%
Issuance Costs	0.3	-	100%	0.3	-	100%
Total Governmental Activities	<u>\$ 219.8</u>	<u>\$ 198.5</u>	<u>10.7%</u>	<u>\$ 140.7</u>	<u>\$ 130.3</u>	<u>8%</u>

The four largest funded programs were public safety at 26.8%, or \$59.0 million; local support for education at 21.3%, or \$46.9 million; health and human services at 14.9%, or \$32.8 million; and public works at 14.2%, or \$31.2 million. Education and public safety continued to be high priorities for the City.

The governmental activities total cost of services increased 10.7% from the prior year with an 8.0% increase in the net cost of services. The Statement of Net Position shows that the \$219.8 million in governmental activities program expenses were financed by \$19.6 million from those receiving services, \$53.4 million from operating grants and contributions, \$6.1 million from capital grants and contributions, and \$140.7 million from general revenues. Overall, general revenues of \$210.4 million were \$69.7 million more than the \$140.7 million of expenses net of program revenues.

The following graph compares governmental activities program expenses and program revenues along with general revenues funding required for each program.

Program Expenses and Program Revenues - Governmental Activities



Business-type Activities

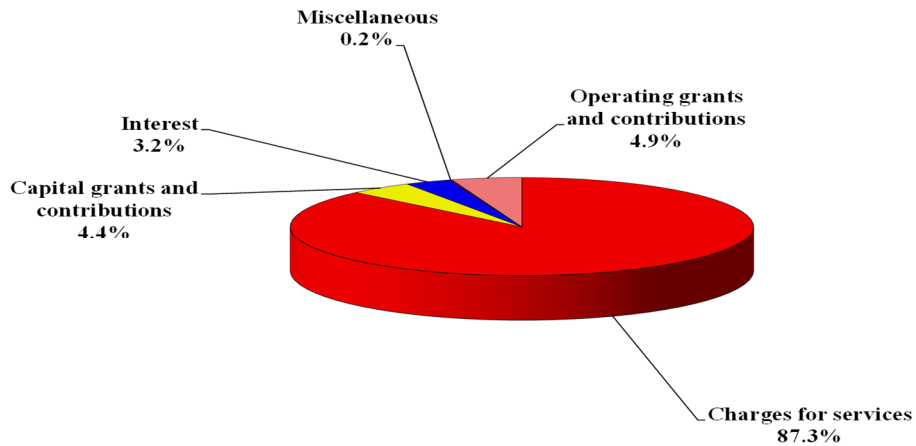
The business-type activities are comprised of enterprise funds for water, sewer, stormwater, and airport operations. Total net position of \$299.7 million increased 5.0%, or \$14.3 million from FY 2022.

Revenue highlights:

Business-type activities revenues of \$59.0 million decreased \$1.2 million from the prior year. The decrease was primarily due to the decrease in capital grants and contributions for the Airport combined with an increase in interest revenue.

The following chart reflects the business-type activities distribution of revenues by source.

Revenues by Source - Business-type Activities



Expense highlights:

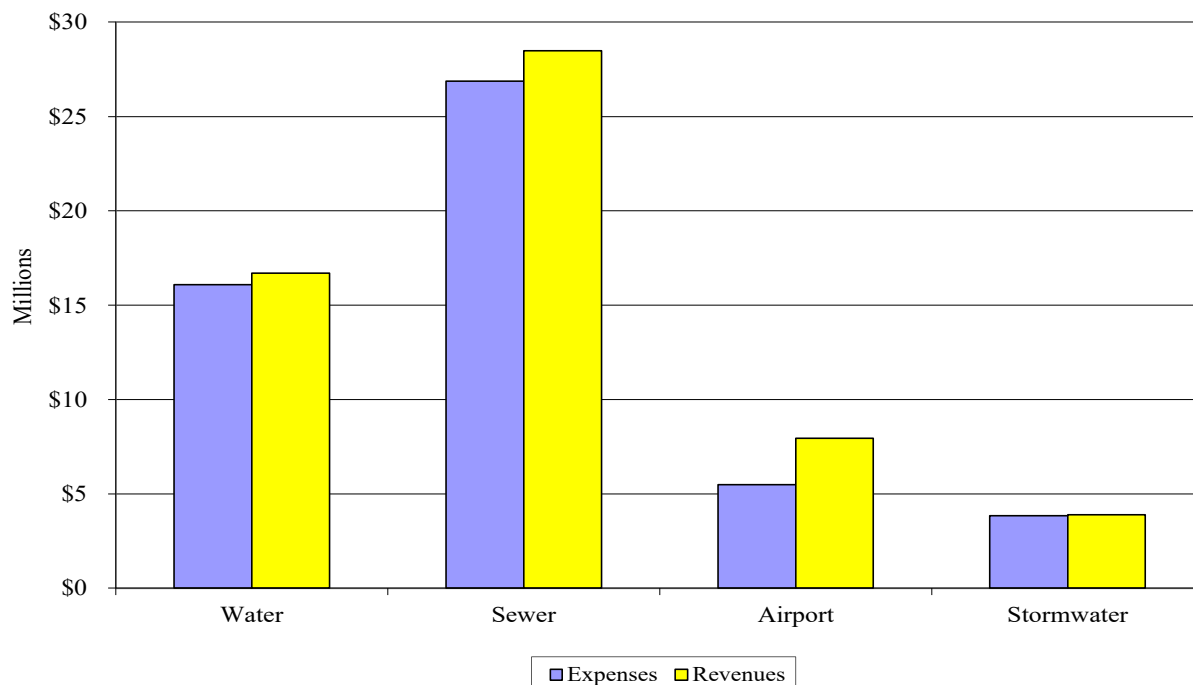
Business-type activities expenses of \$52.2 million increased \$4.3 million from the prior year.

Overall, business-type activities revenues of \$59.0 million were \$6.8 million more than expenses of \$52.2 million.

The proprietary funds provide the same type of information reported in the government-wide financial statements for business-type activities, but in more detail. Please refer to the MD&A section on Financial Analysis of the Fund Financial Statements-proprietary funds for detailed analysis of the business-type activities major funds.

The following graph compares the business-type activities program expenses and program revenues.

Program Expenses and Program Revenues - Business-type Activities



Component Unit – Schools

The Schools' total net position of (\$67.4) million increased 14.8% or \$11.7 million, from FY 2022. Unrestricted net position of (\$74.6) million increased 15.5% or \$13.7 million from FY 2022.

Revenue Highlights

Total revenues of \$142.3 million increased 14.0% or \$17.5 million in comparison with the prior year fund financial statements. For FY 2023, \$97.2 million or 68.3% of total revenues were received from the Commonwealth of Virginia and the Federal Government as compared to \$82.9 million received in FY 2022. State sales tax receipts were \$14.6 million for FY 2023. The City government contributed \$41.1 million or 28.9% to education. Federal revenues of \$25.8 million included the \$4.0 million from Title I funds to provide educational services to economically disadvantaged students. School Nutrition revenues of \$6.5 million included \$5.0 million from the Federal government for the operation of the breakfast and lunch programs. Other revenue sources of \$4.0 million or 2.8% of the total revenues included the following: school meal sales; facility and transportation rentals; and other miscellaneous sources.

Expenditure Highlights

Total expenditures of \$141.4 million increased by \$16.9 million from the prior year fund financial statements. For FY 2023, \$89.1 million or 63.0% of total expenditures related directly to providing instruction to an enrollment of 7,775 students and \$21.3 million or 15.0% supported maintenance and operations of school division facilities including the School Nutrition Program. Transportation costs for students were \$6.9 million or 4.9% of total expenditures while administration costs for the schools and attendance and health services for students were \$11.7 million or 8.3%. Technology costs were \$9.7 million or 6.9% of total expenditures. Capital outlay costs were \$2.7 million or 1.9% of total expenditures.

FUND FINANCIAL ANALYSIS

Governmental Funds

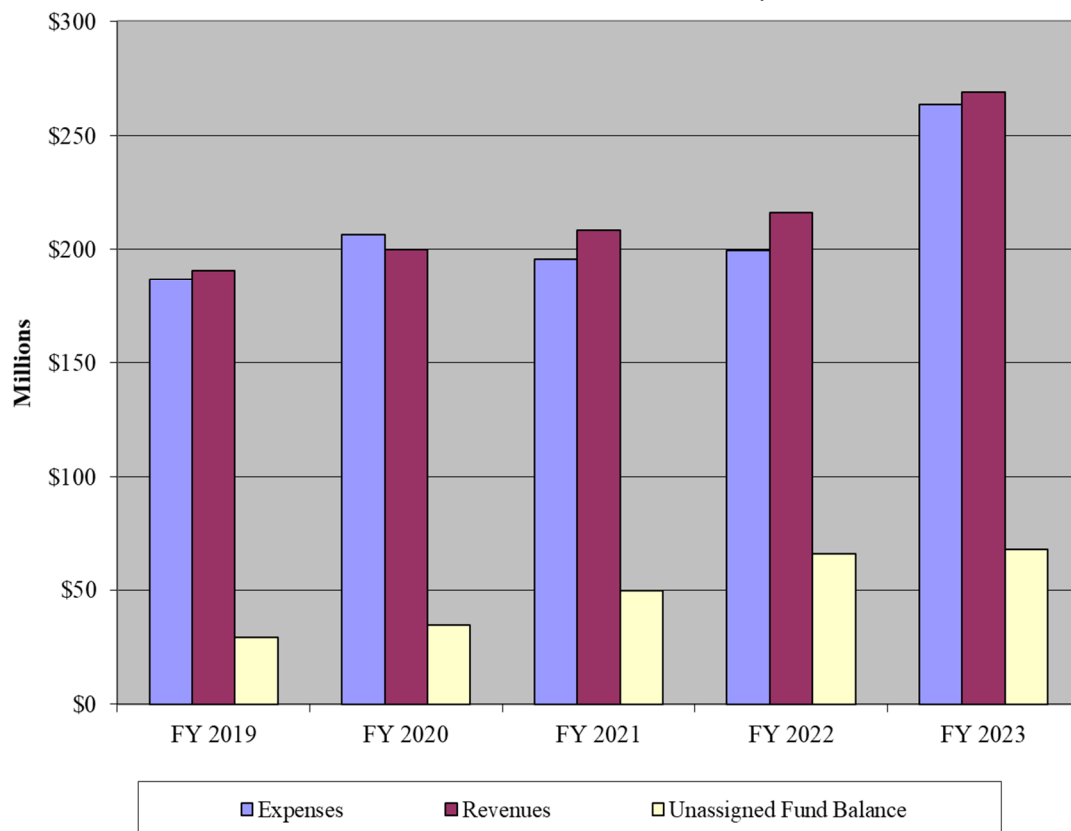
Governmental funds include the general fund, special revenue funds, and capital projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned 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 FY 2023, the City's governmental funds reported combined fund balances of \$177.7 million, an increase of \$57.4 million from FY 2022. Of that amount, \$2.3 million was restricted; \$94.8 million was committed; \$12.5 million was assigned; and \$68.1 million was unassigned. The general fund's increase in fund balance was \$5.9 million. This increase was primarily attributable to increased sales and meals tax collections due to increased inflation. The City capital projects fund's increase in fund balance was \$52.0 million. The increase is due to the bond issue on March 7, 2023 and the transfer from the general fund for the new police department. The school capital projects fund's increase in fund balance was \$0.9 million and was primarily due to a decrease in project expenses of \$0.5 million and an increase in CARES funding of \$0.4 million. Special revenue funds decrease in fund balance was \$1.5 million.
- 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 25.9% of total general fund expenditures (including transfers out), while total fund balance represents 36.6% of that same amount.

General Fund

The general fund is the chief operating fund of the City. The following graph and table present a five-year summary of financial information for expenditures, revenues, and unassigned fund balance as well as a FY 2023 summarized comparison of amended budget versus actual information. In accordance with the implementation of GASB 54, the technology fund is utilized for internal reporting purposes only. For financial statement reporting, the technology fund is collapsed into the general fund. The five-year summary includes the technology fund while the budget comparison does not. See further information in Note 1 to the Financial Statements.

Five-Year General Fund Financial Summary



General Fund Budgetary Highlights

<u>Description</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Amended versus Actual</u>
<u>Revenues & Other Financing Sources</u>				
Taxes	\$ 152.4	\$ 152.4	\$ 164.3	\$ 11.9
Intergovernmental	39.6	73.8	74.2	0.4
Other	<u>16.2</u>	<u>23.6</u>	<u>30.5</u>	<u>6.9</u>
Total	<u>208.2</u>	<u>249.8</u>	<u>269.0</u>	<u>19.2</u>
<u>Expenditures & Other Financing Uses</u>				
Expenditures	211.6	221.4	214.2	7.2
Transfers	<u>13.3</u>	<u>48.6</u>	<u>48.6</u>	<u>-</u>
Total	<u>224.9</u>	<u>270.0</u>	<u>262.8</u>	<u>7.2</u>
<u>Change in Fund Balance</u>	<u>\$ (16.7)</u>	<u>\$ (20.2)</u>	<u>\$ 6.2</u>	<u>\$ 26.4</u>

Actual expenditures and other financing use of \$262.8 million was less than revenues and other financing sources of \$269.0 million by \$6.2 million, which resulted in a positive change in fund balance that was more than the amended budget projected decrease of \$20.2 million. The FY 2023 adopted budget included the use of \$16.7 million of the FY 2022 General Fund's unassigned fund balance primarily to resource a planned \$9.8 million transfer out for general government capital projects; \$0.4 million transfer to the technology fund for equipment purchases; \$2.8 million transfer to Fleet fund for debt service and vehicle replacements; and \$0.2 million transfer to the City/Federal/State Aid fund for matching funds on grants. This transfer is in accordance with City Council's adopted Fund Balance Policy (revised in FY 2020) which states that funds in excess of the targeted fund balance of ten percent (10%) of general fund revenues may be considered to supplement "pay-as-you-go" capital outlay expenditures, with the goal of moving towards the target of fifteen percent (15%). In summary, actual revenues were above the amended budget by \$19.2 million and actual expenditures were below the amended budget by \$7.2 million, resulting in a \$26.4 million increase in fund balance for FY 2023.

Actual revenues were greater than estimated and within 7.7%, or \$19.2 million, of the amended budget. Personal property, real estate, public service corporations, sales and use, business license, meals, lodging and amusement taxes were above the amended budget for FY 2023. Intergovernmental revenue was on pace with the amended budget.

Actual expenditures and transfers were \$7.2 million less than the FY 2023 amended budget with the following functions having unexpended appropriations:

- \$2.8 million for general government
- \$0.3 million for judicial
- \$0.4 million for public safety
- \$0.3 million for public works
- \$0.8 million for health and human services
- \$0.1 million for cultural and recreational
- \$1.2 million for community development
- \$1.4 million for debt service

Keeping consistent with Council adopted Financial Policies, City Council appropriated \$1.2 million for a General Fund Reserve for Contingencies. City Council authorized 13.3%, or \$0.2 million in expenditures from this contingency for the purchase of fire department lifesaving and safety equipment, and logo/branding expense for communications and public engagement. The remaining 86.7%, or \$1.0 million, reverted to unassigned fund balance.

From the original budget of \$224.9 million, City Council approved budget amendments to increase the budget 20.0%, or \$45.1 million, resulting in an amended budget of \$270.0 million. The budget amendments were primarily for the following purposes:

- \$1.0 million net increase for third quarter budget amendment requests. Each fiscal year, management reviews current year expenditures and revenue collection patterns and presents to City Council a third quarter budget amendment. The FY 2023 amendment was primarily for additional technology for circuit court, fire safety equipment, human services funding, and public works streets maintenance, as well as transfers to City capital projects fund.
- \$2.6 million increase to the budget for unexpended items requested to be re-appropriated in the current year to continue programs (first quarter carryforward).
- \$33.3 million increase to the budget for the appropriation of American Rescue Plan Act (ARPA) funds.
- \$8.7 million increase for the issuance of bonds, and establishing a new line of credit.

City Capital Projects Fund

The City capital projects fund accounts for the major construction projects of the City other than those financed by proprietary funds or the school capital projects fund. Annually, the City adopts a five-year capital project plan. Year one of the plan is appropriated for current year expenditures. The fund balance of \$73.4 million increased 243.0%, or \$52.0 million from FY 2022.

Revenues, issuance of bonds, and transfers of \$81.4 million increased 546.0%, or \$68.8 million primarily due to the following:

- \$36.8 million increase in bond proceeds
- \$28.6 million increase in transfers from the general fund
- \$2.9 million increase in State and Federal funding
- \$0.5 million increase in interest earnings

Expenditures, capital outlay, and transfers of \$29.4 million increased 31.8%, or \$7.1 million primarily due to the following projects:

- \$9.8 million increase in Police Department Headquarters construction
- \$1.8 million increase in Lynchburg City Baseball Stadium remodel and upgrades
- \$0.4 million increase in Lynchburg Public Library Renovations/Reimagination
- \$0.4 million increase in Kemper Street Pedestrian improvements
- \$0.3 million increase in Circuit Court chiller replacement
- \$0.3 million increase in Public Safety HVAC condenser replacement
- \$0.3 million increase in City Hall front door replacement
- \$0.3 million increase in City Armory roof replacement
- \$0.3 million increase in Mayor M.W. “Teedy” Thornhill, Jr. Statue
- \$0.3 million increase in Pedestrian waste receptacles
- \$0.3 million increase in Downtown Swinging Bridge replacement
- \$6.1 million decrease in Lakeside Drive Bridge Over Blackwater Creek
- \$0.9 million decrease in Reusens Road retaining wall
- \$0.6 million decrease in College Lake Dam removal

School Capital Projects Fund

The School capital projects fund accounts for the major construction projects of the Lynchburg City Schools. Annually, the City adopts a five-year capital project plan. Year one of the plan is appropriated for current year expenditures. The fund balance of \$6.0 million increased 18.0%, or \$0.9 million, from FY 2022.

Revenues, issuance of bonds, and transfers of \$4.7 million increased 20.5%, or \$0.8 million. The increase is primarily attributable to the following:

- \$1.1 million decrease in proceeds from line of credit for roof and boiler replacement projects at Dearington and Hutcherson Elementary Schools, and Dunbar Middle School
- \$0.8 million decrease in transfers from the general fund
- \$2.6 million increase in proceeds from CARES funding

Expenditures and capital outlay of \$3.7 million increased 19.4%, or \$0.6 million primarily due to the following:

- \$0.5 million increase in LCS network expansion
- \$0.5 million increase in Bass Elementary School chiller replacement
- \$0.5 million increase in TC Miller School chiller replacement
- \$0.5 million increase in Linkhorne Elementary School air handlers
- \$0.3 million increase in Paul Munro Elementary School HVAC
- \$0.2 million increase in Sandusky Middle School chiller rebuild
- \$1.1 million decrease in EC Glass practice field
- \$0.2 million decrease in EC Glass intercom
- \$0.6 million decrease in Bass Elementary School HVAC

Proprietary Funds

The proprietary funds are comprised of water, sewer, stormwater, airport, and fleet services. The City accounts for the water, sewer, stormwater, and airport as enterprise funds and fleet services as an internal service fund. In the budgetary management of the enterprise funds, the City has chosen to budget for principal retirement on long-term debt rather than depreciation. Further, the City uses two key financial indicators, fund balance and debt coverage ratios, found in financial policies adopted by City Council to ensure the enterprise funds' financial stability. At the fund level, fund balance is defined as total cash and cash equivalents less unexpended bond proceeds and resources dedicated to capital projects. The fund balance ratio compares fund balance to operating expenses and debt service less depreciation. The debt coverage ratio compares operating income adjusted for depreciation, interest income and miscellaneous income compared to total debt service.

Water Fund

The water fund's total net position of \$38.4 million increased 2.7%, or \$1.0 million, from FY 2022. Net investment in capital assets of \$36.4 million increased 2.8%, or \$1.0 million, primarily due to increased general obligation bonds to fund capital projects. Net investment in capital assets was 94.8% of total net position. Unrestricted net position available to fund future expenditures remained the same. Operating revenues totaled \$16.7 million, and increased 3.7%, or \$0.6 million. This was largely due to a water rate increase effective July 1, 2022. Operating expenses totaled \$14.4 million, and increased 11.6% compared to FY 2022. This was mostly associated with increases to personal services and benefits and operation and maintenance expenses. Investment earnings increased \$0.5 million. For FY 2023, the fund balance ratio was 48% as compared to City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.49 as compared to City Council's financial policy minimum target of 1.20.

Sewer Fund

The sewer fund's total net position of \$202.2 million increased 5.1%, or \$9.9 million, from FY 2022. Net investment in capital assets of \$181.0 million increased 2%, or \$3.5 million, primarily due to decreased revenue and general obligation bonds to fund capital projects. Net investment in capital assets was 89.5% of total net position. Unrestricted net position available to fund future expenditures increased by 43.2%, or \$6.4 million. This was mostly related to transfers from general fund to fund a high priority sewer project. Unrestricted net position was 10.5%, or \$21.2 million of total net position. Operating revenues totaled \$28.3 million and increased 9.3% or \$2.4 million from FY 2022. This was mostly attributable to a sewer rate increase effective July 1, 2022. Operating expenses totaled \$25.8 million and increased 9.3% or \$2.2 million. This was largely due to increased operating expenses at the Water Resources Recovery Facility. Investment earnings increased \$0.7 million. For FY 2023, the fund balance ratio was 38% as compared to City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.63 as compared to City Council's financial policy minimum target of 1.20 and was compliant with the Consent Special Order for Combined Sewer Overflows (CSO) Long Term Control Plan requirements. Please refer to Table 23 in the Statistical Section of this report for details.

Stormwater Fund

The stormwater fund's total net position of \$8.4 million increased 1.2%, or \$0.1 million from FY 2022. Net investment in capital assets of \$6.8 million increased 4.6%, or \$0.3 million primarily due to increased general obligations bonds to fund capital projects. Net investment in capital assets was 81.0% of total net position. Unrestricted net position available to fund future expenditures decreased by 5.9%, or \$0.1 million. This was mostly attributable to increase in pension plan and other postemployment benefit obligations. Unrestricted net position was 19.0%, or \$1.6 million, of total net position. Operating revenues totaled \$3.9 million and increased 2.6% or 0.1 million. This was primarily due to an increased fee increase effective July 1, 2022. Operating expenses totaled \$3.7 million and decreased 2.6%, or \$0.1 million largely due to decreased expenses in personal services and benefits and depreciation. Investment earnings increased \$0.1 million. For FY 2023, the fund balance ratio was 37% as compared to City Council's financial policy target range of 15% to 20%. The debt coverage ratio was 3.53 as compared to City Council's financial policy minimum target of 1.20. Please refer to Table 24 in the Statistical Section of this report for details.

Airport Fund

The Airport Fund's total net position of \$53.6 million increased 5.9%, or \$3.0 million, from FY 2022. Net investment in capital assets of \$39.3 million decreased \$0.2 million, or 0.5% from the prior year. Net investment in capital assets was 73.4% of total net position. Net position, unrestricted, increased 28.9%, or \$3.2 million from FY 2022. Unrestricted net position was 26.6%, or \$14.2 million, of net position. Operating revenues were \$5.5 million, an increase of \$0.3 million or 6.3%. Operating expenses totaled \$5.4 million, a decrease of 2.4% or \$0.1 million from FY 2022. Capital contributions totaled \$2.1 million, a decrease of 68.3%, or \$4.5 million, and reflects a decrease in state and federal contributions received for Airport capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets, net of depreciation, were \$874.7 million as reflected in the following schedule. The City of Lynchburg owns the land, buildings, and facilities used by Lynchburg City Schools. The Schools had \$6.3 million in capital assets exclusive of buildings and facilities, which were capitalized as the City's assets.

***Capital Assets
As of June 30, 2023/2022
(in millions)***

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2023	2022	2023	2022	2023	2022	2023-2022	2023	2022
Capital assets, not being depreciated:									
Land	\$ 25.9	\$ 23.5	\$ 5.2	\$ 5.2	\$ 31.1	\$ 28.7	8%	\$ -	\$ -
Construction in progress	34.1	41.3	27.0	24.0	61.1	65.3	-6%	-	-
Capital assets, being depreciated:									
Land improvements	68.9	64.6	14.9	14.4	83.8	79.0	6%	-	-
Buildings and improvements	325.8	320.8	100.9	98.9	426.7	419.7	2%	-	-
Infrastructure	365.9	340.2	547.0	530.4	912.9	870.6	5%	-	-
Machinery and equipment	69.2	64.6	35.0	34.4	104.2	99.0	5%	21.3	22.7
Leases	2.8	2.8	-	-	2.8	2.8	0%	-	-
Less: Accumulated depreciation and amortization	(460.9)	(441.0)	(287.0)	(270.9)	(747.9)	(711.9)	5%	(15.0)	(15.0)
Total Capital Assets	<u>\$ 431.7</u>	<u>\$ 416.8</u>	<u>\$ 443.0</u>	<u>\$ 436.4</u>	<u>\$ 874.7</u>	<u>\$ 853.2</u>	<u>3%</u>	<u>\$ 6.3</u>	<u>\$ 7.7</u>

During FY 2023 the City's net increase in capital assets was 2.5% or \$21.5 million. Major capital assets completed and placed in service included the following:

- Airport North General Aviation Development Area (Phase 1) was completed and capitalized for \$6.5 million.
- Wastewater Treatment Plant Warehouse Renovation was completed with \$1.6 million of GO Bonds.
- Lakeside Drive Bridge over Blackwater Creek was completed and capitalized for \$22.9 million.
- Bikeway Bridge to Linkhorne Renovation was completed and capitalized for \$2.3 million.

Construction-in-progress at the end of FY 2023 includes Airport North General Aviation Development Area (Phase 2); Airport Terminal Bathrooms Upgrade; Police Department Headquarters; Public Library Reimagination; Downtown Streetscape Improvements Phase 2; College Lake Dam Removal; Route 501/221 One Way Pair; Downtown Area Business Improvements Phase II; College Hill Flocculator & Clarifier Scraper Replacement; Seabury-Hughes Area Utility Improvements; Richland Hills Sewer Extension Phase 1; College Hill Lower Lot Redevelopment; CSO 52; Water Resources Recovery Facility Sludge Holding Tank #2 improvements; various other transportation and building projects; various sewer system evaluation and system upgrades; sewer system collection improvements; various waterline projects; and Sewer CSO upgrades. Additional information on the City's capital assets can be found in Note 8 of this report.

Long-term Debt

Total outstanding debt was \$376.8 million with \$184.1 million of business-type activities debt supported by the individual funds, resulting in net bonded debt for governmental activities of \$192.7 million. Liabilities of \$9.7 million for compensated absences and workers' compensation were excluded.

***Long-term Debt Obligations
As of June 30, 2023/2022
(in millions)***

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change
	2023	2022	2023	2022	2023	2022	2023-2022
General obligation bonds	\$ 184.2	\$ 152.7	\$ 88.0	66.0	\$ 272.2	\$ 218.7	24%
General obligation-Direct borrowing	4.1	5.2	-	-	4.1	5.2	-21%
Revenue bonds	-	-	96.1	102.6	96.1	102.6	-6%
Bond anticipation notes	-	7.9	-	10.6	-	18.5	-100%
Lease obligations	2.6	2.7	-	-	2.6	2.7	-4%
Other long-term payables	1.8	2.2	-	-	1.8	2.2	-18%
Total	<u>\$ 192.7</u>	<u>\$ 170.7</u>	<u>\$ 184.1</u>	<u>\$ 179.2</u>	<u>\$ 376.8</u>	<u>\$ 349.9</u>	<u>8%</u>

Total new debt of \$67.1 million was issued, of which \$41.8 million was for governmental activities, and \$25.3 million was for business-type activities and includes:

- \$67.0 million of general obligation public improvement bonds, of which \$41.7 million was for governmental activities and \$25.3 million was for business-type activities.
- \$0.1 million of lease obligations, all of which was for governmental activities.

The City retired \$21.7 million of outstanding principal. The governmental activities principal retirements were \$11.9 million and the business-type activities principal retirements were \$9.8 million and include:

- \$21.5 million in planned principal retirements, of which \$11.7 million was for governmental activities and \$9.8 million was for business-type activities.
- \$0.2 million in lease payments, all of which was for governmental activities.

There was a \$18.5 million reduction in the use of bond anticipation notes, of which \$7.9 million was for governmental activities and \$10.6 million was for business-type activities. The changes include:

- \$10.7 million increase of the Series 2020 bond anticipation note, of which \$4.3 million was for governmental activities and \$6.4 million was for business-type activities.
- \$29.2 million pay-off of the Series 2020 bond anticipation note, of which \$12.2 million was for governmental activities and \$17.0 million was for business-type activities. The Series 2020 bond anticipation note was permanently financed with a portion of the proceeds from the general obligation public improvement bond issue.

The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service, an AA+ rating from Fitch Ratings, and an AA+ from Standard & Poor's Global Ratings. These credit ratings were last affirmed in February 2023 for the City's issuance of \$67 million General Obligation Public Improvement Bonds, Series 2023 on March 7, 2023. The agencies noted the City's stable and mature economic base, strong financial and budget management, and healthy reserves when reaffirming the ratings.

On June 30, 2020 the City issued a three-year General Obligation Bond Anticipation Note, Series 2020 and concurrently entered into a line of credit Financing Agreement with JPMorgan Chase, N.A. The Agreement provided for borrowings of up to \$42.0 million to provide interim financing for qualifying city, school, water, sewer, stormwater, and fleet capital improvements. Interest on the unpaid principal is equal to the sum of (i) 80% times Daily One-Month London Interbank Offered Rate (LIBOR), plus (ii) 0.96%, as calculated by the Lender on each day. Interest shall be computed on the basis of the actual number of days elapsed in a 360-day year and paid monthly. The outstanding balance of \$29.2 million was paid on March 7, 2023 with proceeds from the March 7, 2023 General Obligation Public Improvement Bonds, Series 2023. The line of credit was closed on March 7, 2023.

On February 22, 2023, the City had a successful general obligation bond sale. The City received fourteen electronic bids and awarded the \$67.0 million General Obligation Public Improvement, Series 2023 bonds to Citigroup Global Markets, Inc., at a final All-In-True Interest Cost of 3.81%. The bonds closed on March 7, 2023. The proceeds were used to permanently finance projects funded with the General Obligation Bond Anticipation Note, Series 2020 and to fund new construction projects, including a new police headquarters.

On July 18, 2023 the City issued a three-year General Obligation Bond Anticipation Note and concurrently entered into a line of credit Financing Agreement with JPMorgan Chase Bank, N.A. The Agreement provided for borrowings of up to \$68.5 million to provide interim financing for qualifying city, school, water, sewer, stormwater, airport and fleet capital improvements. Interest on the unpaid principal is equal to the sum of (i) 80% times adjusted term secured overnight financing rate (SOFR), plus (ii) 0.55%, as calculated by the Lender. Interest shall be computed on the basis of the actual number of days elapsed in a 360-day year. Interest is paid monthly. All outstanding amounts are due on June 15, 2026. The unused line of credit as of June 30 is \$68.5 million.

The Constitution of Virginia limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. As of June 30, 2023, the City's assessed value of real property was \$6.4 billion. The City's debt is less than the current debt limitation of \$639.8 million.

The City's debt management policy states that tax-supported debt should not exceed 4.5% of net assessed valuation of taxable property in the City of Lynchburg. For the purposes of calculating this ratio, assessed value includes real property and personal property. As of June 30, 2023, debt to assessed value was 2.80%. The debt policy also states that the 10-year principal payout ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program for tax-supported general obligation indebtedness. As of June 30, 2023, the 10-year principal payout ratio was 64.74%.

Detailed information on the City's long-term debt is included in Note 9 of this report.

ECONOMIC FACTORS

The City's unemployment rate decreased slightly from 3.3% in June 2022 to 3.2% in June 2023 reflecting continued recovery from the economic impact of COVID-19. The City's unemployment rate typically trends above the State rate, which was 2.7% in June 2023. For the current and previous five years, the City's unemployment rate has trended below the National rate, which was 3.6% for the same period. The Lynchburg economy typically lags the nation in both recession and recovery.

Although still an important sector, manufacturing no longer dominates the Lynchburg economy as it did in the past. American Electric Power (AEP), the region's electric utility provider, remains the City's largest property taxpayer with an 8.3% increase in taxable assessed value over FY 2022. The principal property taxpayers, as a whole, realized a slight increase of 0.3% in taxable assessed value when compared to FY 2022. The City remains the retail hub for the region. Other important sectors of the Lynchburg economy include wireless technology, engineering, finance, restaurants, and tourism.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of Lynchburg, 900 Church Street, Lynchburg, VA, 24504, or via telephone at 434-455-3968. This report, the FY 2023 Operating and Capital Budgets, and FY 2023-2027 Capital Improvement Program are on the City's website at www.lyncburgva.gov.

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2023

	Governmental Activities	Business- Type Activities	Total Primary Government	Component Units		Total Reporting Unit
				Lynchburg City Schools	Other	
Assets						
Cash and cash equivalents	\$ 94,802,631	\$ 32,287,969	\$ 127,090,600	\$ 558,565	\$ 2,024,142	\$ 129,673,307
Investments	66,231,612	26,025,077	92,256,689	-	-	92,256,689
Receivables, net of allowance	25,702,552	6,299,607	32,002,159	174,070	677,589	32,853,818
Lease receivable	1,285,481	86,139	1,371,620	-	-	1,371,620
Internal balances	2,805,451	(2,805,451)	-	-	-	-
Due from other governments	6,052,438	1,648,689	7,701,127	16,713,437	208,727	24,623,291
Due from component units	649,684	-	649,684	-	-	649,684
Inventory	49,433	772,662	822,095	137,876	289,369	1,249,340
Prepays and other assets	663,558	-	663,558	809,352	245,511	1,718,421
Restricted assets:						
Cash and cash equivalents	29,807,833	6,125,356	35,933,189	-	-	35,933,189
Due from other governments	-	3,705,992	3,705,992	-	-	3,705,992
Capital assets:						
Nondepreciable	59,966,425	32,214,765	92,181,190	-	2,002,938	94,184,128
Depreciable, net	371,715,910	410,810,062	782,525,972	6,317,989	32,041,803	820,885,764
Net pension asset	-	-	-	880,946	-	880,946
Total assets	659,733,008	517,170,867	1,176,903,875	25,592,235	37,490,079	1,239,986,189
Deferred Outflows of Resources						
Deferred charge on refunding	1,891,365	1,169,713	3,061,078	-	-	3,061,078
Pension related	18,874,339	2,758,142	21,632,481	15,822,284	-	37,454,765
Other postemployment benefits related	5,887,310	693,037	6,580,347	3,110,175	188,084	9,878,606
Total deferred outflows of resources	26,653,014	4,620,892	31,273,906	18,932,459	188,084	50,394,449
Liabilities						
Accounts payable and other liabilities	10,559,883	5,351,419	15,911,302	752,352	496,646	17,160,300
Accrued payroll and related liabilities	5,395,212	342,676	5,737,888	7,112,293	-	12,850,181
Accrued interest payable	1,828,530	1,052,367	2,880,897	-	-	2,880,897
Due to other governments	1,663,328	1,628	1,664,956	-	1,273,519	2,938,475
Due to primary government	-	-	-	83,400	566,284	649,684
Unearned revenue/prepaid rent	583,252	-	583,252	3,406,791	-	3,990,043
Deposits payable from restricted assets	324,991	1,218,099	1,543,090	-	-	1,543,090
Long-term liabilities:						
Due within one year	13,154,377	10,232,973	23,387,350	631,537	1,120	24,020,007
Due in more than one year:						
Net pension liability	77,127,419	11,270,769	88,398,188	56,951,364	-	145,349,552
Net other postemployment benefit liabilities	41,259,825	5,319,733	46,579,558	19,265,740	262,202	66,107,500
Other long-term liabilities	205,059,421	181,078,198	386,137,619	438,865	159,805	386,736,289
Total liabilities	356,956,238	215,867,862	572,824,100	88,642,342	2,759,576	664,226,018
Deferred Inflows of Resources						
Property taxes	12,628,905	-	12,628,905	-	-	12,628,905
Lease related	1,256,272	84,626	1,340,898	-	-	1,340,898
Pension related	14,944,858	2,183,920	17,128,778	16,445,242	-	33,574,020
Other postemployment benefits related	30,077,557	4,008,982	34,086,539	6,840,902	78,203	41,005,644
Total deferred inflows of resources	58,907,592	6,277,528	65,185,120	23,286,144	78,203	88,549,467
Net Position						
Net investment in capital assets	252,787,740	263,568,578	516,356,318	6,317,989	34,180,028	556,854,335
Restricted for:						
Capital projects	505,596	-	505,596	-	-	505,596
Grants	1,805,240	-	1,805,240	-	-	1,805,240
Net pension asset	-	-	-	880,946	-	880,946
Passenger facility charges	-	28,545	28,545	-	-	28,545
Transit	-	-	-	-	81,464	81,464
Unrestricted	15,423,616	36,049,246	51,472,862	(74,602,727)	578,892	(22,550,973)
Total net position	\$ 270,522,192	\$ 299,646,369	\$ 570,168,561	\$ (67,403,792)	\$ 34,840,384	\$ 537,605,153

The Notes to Financial Statements are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		Total Reporting Unit
					Governmental Activities	Business-type Activities	Total	Lynchburg City Schools	Other	
Primary government:										
Governmental activities:										
General government	\$ 16,333,475	\$ 851,443	\$ 449,874	\$ -	\$ (15,032,158)	\$ -	\$ (15,032,158)	\$ -	\$ -	\$ (15,032,158)
Judicial	7,125,161	1,420,972	4,605,202	-	(1,098,987)	-	(1,098,987)	-	-	(1,098,987)
Public safety	59,028,000	8,066,769	6,969,690	-	(43,991,541)	-	(43,991,541)	-	-	(43,991,541)
Public works	31,199,359	3,073,903	14,302,457	3,130,450	(10,692,549)	-	(10,692,549)	-	-	(10,692,549)
Health and human services	32,786,726	3,436,132	24,824,619	-	(4,525,975)	-	(4,525,975)	-	-	(4,525,975)
Cultural and recreational	12,667,898	1,032,872	311,814	-	(11,323,212)	-	(11,323,212)	-	-	(11,323,212)
Community development	7,398,674	1,703,563	1,946,266	-	(3,748,845)	-	(3,748,845)	-	-	(3,748,845)
Education	46,904,280	-	-	2,965,375	(43,938,905)	-	(43,938,905)	-	-	(43,938,905)
Interest payments and other fiscal charges	6,030,025	-	-	-	(6,030,025)	-	(6,030,025)	-	-	(6,030,025)
Issuance costs	314,600	-	-	-	(314,600)	-	(314,600)	-	-	(314,600)
Total governmental activities	219,788,198	19,585,654	53,409,922	6,095,825	(140,696,797)	-	(140,696,797)	-	-	(140,696,797)
Business-type activities:										
Stormwater	3,835,023	3,587,623	303,814	-	-	56,414	56,414	-	-	56,414
Airport	5,478,548	2,955,151	2,587,569	2,403,815	-	2,467,987	2,467,987	-	-	2,467,987
Water	16,073,660	16,693,515	-	-	-	619,855	619,855	-	-	619,855
Sewer	26,871,087	28,268,219	-	219,273	-	1,616,405	1,616,405	-	-	1,616,405
Total business-type activities	52,258,318	51,504,508	2,891,383	2,623,088	-	4,760,661	4,760,661	-	-	4,760,661
Total primary government	\$ 272,046,516	\$ 71,090,162	\$ 56,301,305	\$ 8,718,913	(140,696,797)	4,760,661	(135,936,136)	-	-	(135,936,136)
Component units:										
Lynchburg City Schools	\$ 129,977,293	\$ 2,372,112	\$ 96,521,098	\$ -	-	-	-	(31,084,083)	-	(31,084,083)
Greater Lynchburg Transit Company	10,638,634	598,209	7,788,665	489,785	-	-	-	-	(1,761,975)	(1,761,975)
Business Development Centre	255,596	281,407	-	-	-	-	-	-	25,811	25,811
Total component units	\$ 140,871,523	\$ 3,251,728	\$ 104,309,763	\$ 489,785	-	-	-	(31,084,083)	(1,736,164)	(32,820,247)
General revenues:										
Property taxes					96,269,352	-	96,269,352	-	-	96,269,352
Local sales and use taxes					21,956,963	-	21,956,963	-	-	21,956,963
Meals taxes					19,550,773	-	19,550,773	-	-	19,550,773
Consumer utility taxes					4,452,989	-	4,452,989	-	-	4,452,989
Business license taxes					11,079,681	-	11,079,681	-	-	11,079,681
Communications sales and use taxes					2,354,000	-	2,354,000	-	-	2,354,000
Other taxes					8,529,742	-	8,529,742	-	-	8,529,742
Unrestricted intergovernmental					39,758,359	-	39,758,359	-	-	39,758,359
Interest					4,687,941	1,857,112	6,545,053	-	-	6,545,053
Miscellaneous					1,521,111	132,794	1,653,905	1,635,192	289,913	3,579,010
Gain on sale of assets					225,996	21,968	247,964	-	1,025	248,989
City appropriation					-	-	-	41,138,588	-	41,138,588
Transfers					(7,500,000)	7,500,000	-	-	-	-
Total general revenues and transfers					202,886,907	9,511,874	212,398,781	42,773,780	290,938	255,463,499
Changes in net position					62,190,110	14,272,535	76,462,645	11,689,697	(1,445,226)	86,707,116
Net position - beginning					208,332,082	285,373,834	493,705,916	(79,093,489)	36,285,610	450,898,037
Net position - ending					\$ 270,522,192	\$ 299,646,369	\$ 570,168,561	\$ (67,403,792)	\$ 34,840,384	\$ 537,605,153

The Notes to Financial Statements are an integral part of this statement.

Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	City Capital Projects	School Capital Projects	Other Governmental	Total Governmental
Assets					
Cash and cash equivalents	\$ 66,355,561	\$ 15,484,653	\$ 3,928,541	\$ 644,366	\$ 86,413,121
Investments	29,792,400	33,528,509	2,910,703	-	66,231,612
Receivables, net of allowance:					
Taxes excluding penalties	16,329,357	-	-	-	16,329,357
Accounts	6,211,827	-	-	-	6,211,827
Other	2,109,557	18,181	-	1,016,549	3,144,287
Lease receivable	1,260,617	24,864	-	-	1,285,481
Due from other funds	1,187,883	-	-	304,631	1,492,514
Due from other governments	2,748,309	888,874	-	2,415,255	6,052,438
Due from component units	524,684	-	-	125,000	649,684
Other assets	-	-	-	213	213
Restricted assets:					
Cash and cash equivalents	324,991	28,392,326	-	1,090,516	29,807,833
Total assets	<u>\$ 126,845,186</u>	<u>\$ 78,337,407</u>	<u>\$ 6,839,244</u>	<u>\$ 5,596,530</u>	<u>\$ 217,618,367</u>
Liabilities					
Accounts payable and other liabilities	\$ 3,326,601	\$ 4,936,039	\$ 797,357	\$ 1,274,929	\$ 10,334,926
Accrued payroll and related liabilities	5,610,051	-	-	130,802	5,740,853
Due to other funds	549,486	-	-	1,187,883	1,737,369
Due to other governments	1,507,169	-	-	156,159	1,663,328
Unearned revenue/prepaid rent	583,252	-	-	-	583,252
Deposits payable from restricted assets	324,991	-	-	-	324,991
Total liabilities	<u>11,901,550</u>	<u>4,936,039</u>	<u>797,357</u>	<u>2,749,773</u>	<u>20,384,719</u>
Deferred Inflows of Resources					
Unavailable revenue	17,358,182	-	-	915,899	18,274,081
Lease related	1,238,489	17,783	-	-	1,256,272
Total deferred inflows of resources	<u>18,596,671</u>	<u>17,783</u>	<u>-</u>	<u>915,899</u>	<u>19,530,353</u>
Fund Balances					
Restricted	-	505,596	-	1,805,240	2,310,836
Committed	15,738,181	72,877,989	6,041,887	125,384	94,783,441
Assigned	12,516,535	-	-	234	12,516,769
Unassigned	68,092,249	-	-	-	68,092,249
Total fund balances	<u>96,346,965</u>	<u>73,383,585</u>	<u>6,041,887</u>	<u>1,930,858</u>	<u>177,703,295</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 126,845,186</u>	<u>\$ 78,337,407</u>	<u>\$ 6,839,244</u>	<u>\$ 5,596,530</u>	<u>\$ 217,618,367</u>

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Ending fund balance - governmental funds		\$ 177,703,295
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		414,736,539
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		5,645,176
Deferred outflow of resources used to reflect deferred losses on debt refunding bonds are not reported in the governmental funds.		1,817,618
Internal service fund activity that has been allocated to the user departments.		2,971,811
Internal service fund is used by management to charge the costs of vehicle maintenance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.		18,226,831
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to:		
Pensions	18,632,055	
Other postemployment benefits	5,828,748	
Deferred inflows related to:		
Pensions	(14,753,016)	
Other postemployment benefits	(29,740,527)	
Net pension liability	(76,137,359)	
Net other postemployment liability	(40,811,512)	
		(136,981,611)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. Long term liabilities at year end consist of:		
Bonds payable	(199,014,666)	
Accrued interest payable	(1,760,722)	
Lease obligations payable	(2,608,366)	
Other long term payable	(1,750,222)	
Compensated absences	(5,718,303)	
Workers' compensation	(2,745,188)	
		(213,597,467)
Net position of governmental activities		\$ 270,522,192

The Notes to Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General	City Capital Projects	School Capital Projects	Other Governmental	Total Governmental
Revenues					
Taxes	\$ 164,305,615	\$ -	\$ -	\$ -	\$ 164,305,615
Regulatory licenses, permits and privilege fees	1,386,510	-	-	-	1,386,510
Intergovernmental	74,208,652	7,737,257	2,965,375	14,138,431	99,049,715
Fines and forfeitures	301,250	-	-	-	301,250
Revenue from use of money and property	4,414,051	532,572	137,204	18,162	5,101,989
Charges for services	14,462,495	-	-	4,792,097	19,254,592
Miscellaneous	1,177,840	299,323	5,368	483,276	1,965,807
Total revenues	<u>260,256,413</u>	<u>8,569,152</u>	<u>3,107,947</u>	<u>19,431,966</u>	<u>291,365,478</u>
Expenditures					
Current operating expenditures:					
General government	20,969,644	-	-	5,276	20,974,920
Judicial	5,754,828	-	-	1,613,659	7,368,487
Public safety	59,250,368	-	-	5,317,376	64,567,744
Public works	21,119,869	3,924,838	-	84,105	25,128,812
Health and human services	24,632,938	-	-	10,464,213	35,097,151
Cultural and recreational	11,321,205	232,994	-	1,151	11,555,350
Community development	5,220,220	57,449	-	2,396,776	7,674,445
Education	40,787,588	-	143,525	-	40,931,113
Capital outlay:					
Capital general government	139,091	25,106,875	3,566,058	1,450,693	30,262,717
Debt service:					
Principal retirements	19,500,638	-	-	9,783	19,510,421
Interest payments and other fiscal charges	6,128,493	-	-	3,147	6,131,640
Issuance costs	230,542	84,058	-	-	314,600
Total expenditures	<u>215,055,424</u>	<u>29,406,214</u>	<u>3,709,583</u>	<u>21,346,179</u>	<u>269,517,400</u>
Excess (deficiency) of revenues over expenditures	<u>45,200,989</u>	<u>(20,837,062)</u>	<u>(601,636)</u>	<u>(1,914,213)</u>	<u>21,848,078</u>
Other financing sources (uses)					
Issuance of bonds	7,925,739	33,938,729	448,760	-	42,313,228
Premium on debt issuance	726,179	2,865,303	-	-	3,591,482
Lease financing	104,333	-	-	-	104,333
Transfers in	25,000	36,080,599	1,099,856	454,717	37,660,172
Transfers out	(48,083,704)	(25,000)	-	(35,410)	(48,144,114)
Total other financing sources (uses)	<u>(39,302,453)</u>	<u>72,859,631</u>	<u>1,548,616</u>	<u>419,307</u>	<u>35,525,101</u>
Net changes in fund balances	<u>5,898,536</u>	<u>52,022,569</u>	<u>946,980</u>	<u>(1,494,906)</u>	<u>57,373,179</u>
Fund balances - beginning	<u>90,448,429</u>	<u>21,361,016</u>	<u>5,094,907</u>	<u>3,425,764</u>	<u>120,330,116</u>
Fund balances - ending	<u>\$ 96,346,965</u>	<u>\$ 73,383,585</u>	<u>\$ 6,041,887</u>	<u>\$ 1,930,858</u>	<u>\$ 177,703,295</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2023**

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

Net change in fund balances - total governmental funds		\$ 57,373,179
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 detail of the two components.		
Capital outlay		32,961,878
Depreciation and amortization expense		(20,548,345)
The net effect of various transactions involving capital assets (donations and loss on disposition of assets) do not provide or use current financial resources and are not reported as revenues or expenditures in the governmental funds.		
		(138,300)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		831,631
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Employer pension contributions	12,265,152	
Pension expenses	<u>(5,753,067)</u>	
		6,512,085
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the statement of activities the cost of these benefits earned net of employee contributions is reported as other postemployment benefit expense.		
Employer other postemployment benefit contribution	314,373	
Other postemployment benefit expense	<u>8,806,121</u>	
		9,120,494
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 accounts.		
		(25,688,410)
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.		
		(1,459,856)
To eliminate transfers to the internal service fund		2,983,942
The net income of certain activities of the internal service fund is reported with governmental activities.		
		<u>241,812</u>
Change in net position of governmental activities.		<u><u>\$ 62,190,110</u></u>

The Notes to Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	\$ 152,396,287	\$ 152,396,287	\$ 164,305,615	\$ 11,909,328
Regulatory licenses, permits and privilege fees	1,168,800	1,168,800	1,386,510	217,710
Intergovernmental	39,618,183	73,773,939	74,178,719	404,780
Fines and forfeitures	250,000	250,000	301,250	51,250
Revenue from use of money and property	385,720	385,720	4,371,389	3,985,669
Charges for services	13,947,137	12,628,859	14,462,495	1,833,636
Miscellaneous	481,657	481,657	1,156,161	674,504
Total revenues	208,247,784	241,085,262	260,162,139	19,076,877
Expenditures				
Current operating expenditures:				
General government	29,598,669	22,960,407	20,179,445	2,780,962
Judicial	5,677,365	6,030,253	5,754,828	275,425
Public safety	57,333,577	59,702,894	59,250,368	452,526
Public works	18,354,473	21,387,330	21,119,869	267,461
Health and human services	24,159,505	25,416,954	24,632,938	784,016
Cultural and recreational	11,493,999	11,439,196	11,321,205	117,991
Community development	6,162,682	6,438,960	5,220,220	1,218,740
Education	40,794,923	40,794,923	40,787,588	7,335
Capital outlay:				
Capital general government	-	4,825	109,158	(104,333)
Debt service:				
Principal retirements	11,760,204	20,681,032	19,500,638	1,180,394
Interest payments and other fiscal charges	6,281,098	6,281,098	6,128,493	152,605
Issuance costs	-	283,221	230,542	52,679
Total expenditures	211,616,495	221,421,093	214,235,292	7,185,801
Excess (deficiency) of revenues over expenditures	(3,368,711)	19,664,169	45,926,847	26,262,678
Other financing sources (uses)				
Issuance of bonds	-	7,925,739	7,925,739	-
Premium on debt issuance	-	726,179	726,179	-
Lease financing	-	-	104,333	104,333
Transfers in	-	25,000	25,000	-
Transfers out	(13,261,286)	(48,554,051)	(48,562,982)	(8,931)
Total other financing sources (uses)	(13,261,286)	(39,877,133)	(39,781,731)	95,402
Net changes in fund balances	(16,629,997)	(20,212,964)	6,145,116	26,358,080
Fund balances - beginning	88,630,754	88,630,754	88,630,754	-
Fund balances - ending	\$ 72,000,757	\$ 68,417,790	\$ 94,775,870	\$ 26,358,080

The Notes to Financial Statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Assets						
Current assets:						
Cash and cash equivalents	\$ 6,170,288	\$ 8,165,789	\$ 2,394,850	\$ 15,557,042	\$ 32,287,969	\$ 8,389,510
Investments	5,893,584	19,764,356	367,137	-	26,025,077	-
Receivables, net of allowance:	1,824,829	3,839,385	461,214	174,179	6,299,607	17,081
Lease receivable	-	-	-	86,139	86,139	-
Due from other funds	90,428	62,249	10,416	12,754	175,847	78,495
Due from other governments	-	-	-	251,772	251,772	-
Inventory	698,439	-	-	74,223	772,662	49,433
Prepays and other assets	-	-	-	-	-	663,345
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	286,496	-	-	286,496	-
Total current assets	14,677,568	32,118,275	3,233,617	16,156,109	66,185,569	9,197,864
Noncurrent assets:						
Due from other governments	-	1,396,917	-	-	1,396,917	-
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	3,419,496	-	-	3,419,496	-
Cash and cash equivalents	2,858,157	-	2,213,224	1,053,975	6,125,356	-
Capital assets:						
Nondepreciable	9,959,892	14,825,716	2,853,936	4,575,221	32,214,765	-
Depreciable, net	76,051,826	290,463,876	8,746,260	35,548,100	410,810,062	16,945,796
Total noncurrent assets	88,869,875	310,106,005	13,813,420	41,177,296	453,966,596	16,945,796
Total assets	103,547,443	342,224,280	17,047,037	57,333,405	520,152,165	26,143,660
Deferred Outflows of Resources						
Deferred charge on refunding	477,569	679,669	-	12,475	1,169,713	73,747
Pension related	1,486,151	893,422	164,407	214,162	2,758,142	242,284
Other postemployment benefits related	352,495	245,329	42,184	53,029	693,037	58,562
Total deferred outflows of resources	2,316,215	1,818,420	206,591	279,666	4,620,892	374,593
Liabilities						
Current liabilities:						
Accounts payable and other liabilities	1,354,870	3,368,589	389,510	238,450	5,351,419	224,957
Accrued payroll and related liabilities	232,234	142,237	26,614	38,381	439,466	34,667
Accrued interest payable	570,466	384,112	74,862	22,927	1,052,367	67,808
Due to other funds	2,588	6,165	734	-	9,487	-
Due to other governments	116	-	1,512	-	1,628	-
Current portion of lease obligations	1,006	-	-	4,477	5,483	1,139
Current portion of general obligation bonds	1,900,347	1,531,449	55,000	107,263	3,594,059	407,356
Current portion of direct borrowings	-	-	-	-	-	133,400
Current portion of public utility revenue bonds	-	6,449,022	87,619	-	6,536,641	-
Total current liabilities	4,061,627	11,881,574	635,851	411,498	16,990,550	869,327
Noncurrent liabilities:						
Deposits payable from restricted assets	1,209,039	-	-	9,060	1,218,099	-
Self insurance claims	11,963	-	-	5	11,968	-
Compensated absences	397,878	211,227	32,826	55,898	697,829	43,732
Pension plan obligation	6,072,956	3,650,845	671,826	875,142	11,270,769	990,060
Other postemployment benefits obligations	2,694,791	1,894,049	324,259	406,634	5,319,733	448,313
Lease obligations	8,116	-	-	14,078	22,194	1,828
General obligation bonds	49,761,533	33,758,596	5,572,836	1,686,657	90,779,622	4,743,290
Direct borrowings	-	-	-	-	-	666,000
Public utility revenue bonds	-	88,339,926	1,226,659	-	89,566,585	-
Total noncurrent liabilities	60,156,276	127,854,643	7,828,406	3,047,474	198,886,799	6,893,223
Total liabilities	64,217,903	139,736,217	8,464,257	3,458,972	215,877,349	7,762,550
Deferred Inflows of Resources						
Lease related	-	-	-	84,626	84,626	-
Pension related	1,176,747	707,419	130,179	169,575	2,183,920	191,842
Other postemployment benefits related	2,023,389	1,434,754	244,675	306,164	4,008,982	337,030
Total deferred inflows of resources	3,200,136	2,142,173	374,854	560,365	6,277,528	528,872
Net Position						
Net investment in capital assets	36,420,501	180,993,177	6,831,579	39,323,321	263,568,578	11,729,875
Restricted for:						
Passenger facility charges	-	-	-	28,545	28,545	-
Unrestricted	2,025,118	21,171,133	1,582,938	14,241,868	39,021,057	6,496,956
Total net position	\$ 38,445,619	\$ 202,164,310	\$ 8,414,517	\$ 53,593,734	302,618,180	\$ 18,226,831
Reconciliation with business-type activities in the Statement of Net Position:						
Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments					(2,971,811)	
Total net position of business-type activities					\$ 299,646,369	

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds					
	Water	Sewer	Stormwater	Airport	Total	Internal Service
Operating revenues						
Charges for services and other operating revenues	\$ 16,693,515	\$ 28,268,219	\$ 3,587,623	\$ 2,955,151	\$ 51,504,508	\$ 7,706,194
Intergovernmental	-	-	275,000	2,587,569	2,862,569	-
Total operating revenues	<u>16,693,515</u>	<u>28,268,219</u>	<u>3,862,623</u>	<u>5,542,720</u>	<u>54,367,077</u>	<u>7,706,194</u>
Operating expenses						
Personal services and benefits	6,110,702	4,209,082	627,178	885,798	11,832,760	1,011,335
Operation and maintenance	1,670,452	4,481,546	581,585	1,909,294	8,642,877	3,050,102
Supplies and materials	1,379,085	2,954,211	177,890	184,840	4,696,026	121,836
Administration	1,619,864	3,376,388	1,911,548	316,815	7,224,615	3,162
Other charges	157,830	250,166	19,945	39,716	467,657	39,321
Depreciation and amortization	3,471,402	10,554,426	400,339	2,100,784	16,526,951	3,187,375
Total operating expenses	<u>14,409,335</u>	<u>25,825,819</u>	<u>3,718,485</u>	<u>5,437,247</u>	<u>49,390,886</u>	<u>7,413,131</u>
Operating income	<u>2,284,180</u>	<u>2,442,400</u>	<u>144,138</u>	<u>105,473</u>	<u>4,976,191</u>	<u>293,063</u>
Nonoperating revenues (expenses)						
Interest income	441,444	774,628	128,896	512,144	1,857,112	256,854
Governmental grants	-	-	28,814	-	28,814	-
Miscellaneous	32,801	87,420	-	12,573	132,794	-
Gain (loss) on disposition of assets	11,640	(62,149)	(9,041)	-	(59,550)	222,201
Interest expense	(1,716,158)	(1,154,335)	(166,071)	(40,217)	(3,076,781)	(239,439)
Total nonoperating revenues (expenses)	<u>(1,230,273)</u>	<u>(354,436)</u>	<u>(17,402)</u>	<u>484,500</u>	<u>(1,117,611)</u>	<u>239,616</u>
Income before contributions and transfers	<u>1,053,907</u>	<u>2,087,964</u>	<u>126,736</u>	<u>589,973</u>	<u>3,858,580</u>	<u>532,679</u>
Capital contributions	-	219,273	-	2,105,501	2,324,774	-
Passenger facility charges	-	-	-	298,314	298,314	-
Transfers in	-	7,512,631	-	-	7,512,631	2,983,942
Transfers out	(12,631)	-	-	-	(12,631)	-
Change in net position	<u>1,041,276</u>	<u>9,819,868</u>	<u>126,736</u>	<u>2,993,788</u>	<u>13,981,668</u>	<u>3,516,621</u>
Total net position - beginning	<u>37,404,343</u>	<u>192,344,442</u>	<u>8,287,781</u>	<u>50,599,946</u>	<u>288,636,512</u>	<u>14,710,210</u>
Total net position - ending	<u>\$ 38,445,619</u>	<u>\$ 202,164,310</u>	<u>\$ 8,414,517</u>	<u>\$ 53,593,734</u>	<u>\$ 302,618,180</u>	<u>\$ 18,226,831</u>
Reconciliation with business-type activities in the Statement of Activities:						
Change in net position - enterprise funds reported in this statement					\$ 13,981,668	
Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments					<u>290,867</u>	
Change in net position of business-type activities:					<u>\$ 14,272,535</u>	

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Operating activities						
Cash received from operations	\$ 16,654,820	\$ 27,719,004	\$ 3,902,153	\$ 5,505,759	\$ 53,781,736	\$ 7,706,194
Cash paid to employees	(6,962,314)	(4,534,717)	(809,930)	(1,177,149)	(13,484,110)	(1,144,038)
Cash paid to suppliers	(4,889,161)	(11,087,186)	(2,666,699)	(2,512,490)	(21,155,536)	(3,194,957)
Net cash provided by operating activities	<u>4,803,345</u>	<u>12,097,101</u>	<u>425,524</u>	<u>1,816,120</u>	<u>19,142,090</u>	<u>3,367,199</u>
Noncapital financing activities						
Governmental grants	-	-	28,814	-	28,814	-
Transfers in (out)	(12,631)	7,512,631	-	-	7,500,000	2,983,942
Net cash provided by (used in) noncapital financing activities	<u>(12,631)</u>	<u>7,512,631</u>	<u>28,814</u>	<u>-</u>	<u>7,528,814</u>	<u>2,983,942</u>
Capital and related financing activities						
Proceeds from issuance of long-term debt:						
General obligation bonds	11,369,978	8,834,035	4,916,011	1,005,124	26,125,148	3,811,473
Bond anticipation notes	2,371,860	3,167,666	876,910	-	6,416,436	306,549
Payment of long-term debt:						
General obligation debt	(1,827,460)	(1,390,302)	(15,000)	(73,566)	(3,306,328)	(228,926)
Direct borrowings	-	-	-	-	-	(133,400)
Bond anticipation notes	(7,878,940)	(6,954,317)	(2,158,637)	-	(16,991,894)	(3,782,037)
Revenue bonds	-	(6,449,022)	(87,619)	-	(6,536,641)	-
Lease obligations	(2,069)	(1,327)	-	(4,884)	(8,280)	(1,127)
Drawdowns of public utility revenue bonds - revolving loan funds	-	944,678	-	-	944,678	-
Payment of interest on long-term debt	(1,741,916)	(1,111,844)	(104,021)	(35,104)	(2,992,885)	(215,830)
Capital contributions received	-	-	-	4,688,916	4,688,916	-
Passenger facility charges collected	-	-	-	298,314	298,314	-
Gain on asset disposition	20,478	1,490	-	-	21,968	341,710
Additions to capital assets	(6,968,673)	(11,244,120)	(1,871,813)	(3,926,316)	(24,010,922)	(3,406,610)
Proceeds from other governments	-	508,126	756	-	508,882	-
Payments from other organizations	32,917	87,420	-	12,573	132,910	5,651
Net cash provided by (used in) capital and related financing activities	<u>(4,623,825)</u>	<u>(13,607,517)</u>	<u>1,556,587</u>	<u>1,965,057</u>	<u>(14,709,698)</u>	<u>(3,302,547)</u>
Investing activities						
Net proceeds (purchases) of investments	2,106,729	(6,964,087)	(23,821)	-	(4,881,179)	-
Interest income received	441,444	774,628	128,896	512,144	1,857,112	256,854
Net cash provided by (used in) investing activities	<u>2,548,173</u>	<u>(6,189,459)</u>	<u>105,075</u>	<u>512,144</u>	<u>(3,024,067)</u>	<u>256,854</u>
Net increase (decrease) in cash and cash equivalents	<u>2,715,062</u>	<u>(187,244)</u>	<u>2,116,000</u>	<u>4,293,321</u>	<u>8,937,139</u>	<u>3,305,448</u>
Cash and cash equivalents						
Beginning	<u>6,313,383</u>	<u>8,353,033</u>	<u>2,492,074</u>	<u>12,317,696</u>	<u>29,476,186</u>	<u>5,084,062</u>
Ending	<u>\$ 9,028,445</u>	<u>\$ 8,165,789</u>	<u>\$ 4,608,074</u>	<u>\$ 16,611,017</u>	<u>\$ 38,413,325</u>	<u>\$ 8,389,510</u>
Reconciliation to Statement of Net Position						
Current Assets	\$ 6,170,288	\$ 8,165,789	\$ 2,394,850	\$ 15,557,042	\$ 32,287,969	\$ 8,389,510
Restricted Assets	2,858,157	-	2,213,224	1,053,975	6,125,356	-
	<u>\$ 9,028,445</u>	<u>\$ 8,165,789</u>	<u>\$ 4,608,074</u>	<u>\$ 16,611,017</u>	<u>\$ 38,413,325</u>	<u>\$ 8,389,510</u>

The Notes to Financial Statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Reconciliation of operating income to net cash provided by operating activities						
Operating income	\$ 2,284,180	\$ 2,442,400	\$ 144,138	\$ 105,473	\$ 4,976,191	\$ 293,063
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	3,471,402	10,554,426	400,339	2,100,784	16,526,951	3,187,375
Other postemployment benefit expense net of employer contributions	(421,731)	(163,053)	(78,667)	(103,183)	(766,634)	(106,321)
Pension expense net of employer contributions	(322,382)	(175,768)	(74,099)	(209,619)	(781,868)	(54,935)
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(48,231)	(549,215)	39,530	(35,880)	(593,796)	-
Increase in lease receivable	-	-	-	(1,081)	(1,081)	-
Decrease in due from other funds	6,661	52,913	1,996	3,261	64,831	18,364
(Increase) decrease in inventory	(74,101)	-	-	(4,619)	(78,720)	53,774
Increase (decrease) in accounts payable	12,171	(24,875)	24,269	(57,596)	(46,031)	(34,310)
Increase (decrease) in accrued expenses	(88,042)	10,843	9,284	18,190	(49,725)	10,189
Increase (decrease) in due to other funds	(26,118)	(50,570)	(41,266)	-	(117,954)	-
Increase in deposits payable	9,536	-	-	390	9,926	-
Net cash provided by operating activities	<u>\$ 4,803,345</u>	<u>\$ 12,097,101</u>	<u>\$ 425,524</u>	<u>\$ 1,816,120</u>	<u>\$ 19,142,090</u>	<u>\$ 3,367,199</u>
Supplemental cash flow information						
Non-cash transactions						
Capital asset additions financed by retainage payable	\$ 149,717	\$ 170,175	\$ 62,806	\$ 8,862	\$ 391,560	\$ -
Capital asset additions financed by accounts payable	\$ 903,810	\$ 2,766,167	\$ 292,466	\$ 85,213	\$ 4,047,656	\$ 60,592
Amortization of debt related items	\$ 158,582	\$ 61,783	\$ 3,981	\$ 8,106	\$ 232,452	\$ 27,046

Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2023

	Special Welfare
Assets	
Cash and cash equivalents	\$ 253,021
Total assets	253,021
Liabilities	
Accounts payable	7,867
Amounts held for others	13,262
Total liabilities	21,129
Net Position	
Restricted for individuals	231,892
Total net position	\$ 231,892

The Notes to Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2023

	Special Welfare
Additions	
Contributions for the benefit of individuals	\$ 65,695
Interest earnings	4,879
Total additions	<u>70,574</u>
Deductions	
Payments to benefit individuals	42,931
Total deductions	<u>42,931</u>
Increase in fiduciary net position	<u>27,643</u>
Net position - beginning	<u>204,249</u>
Net position - ending	<u><u>\$ 231,892</u></u>

The Notes to Financial Statements are an integral part of this statement.

THIS PAGE INTENTIONALLY BLANK

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Lynchburg, Virginia (the “City”) was founded by John Lynch in 1757, chartered as a town in 1786 incorporated as a town on January 10, 1805, and received independent City status in 1852. The City operates on a Council-Manager form of Government and provides municipal services to its residents. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Units: The component units’ columns in the combined financial statements include the data of the City’s three component units. They are reported in separate columns to emphasize that they are legally separate from the City. The governing bodies of these component units are appointed by City Council.

Lynchburg City Schools: The Lynchburg City Schools (the “Schools”) operates one pre-school, eleven elementary schools, three middle schools, and two high schools in the City. The Schools are fiscally dependent on the City and are prohibited from issuing bonded debt without approval of City Council. The City is legally obligated to provide financial support to the Schools by State Law of the Commonwealth of Virginia. Annually the State Superintendent provides the City with the amount of the Required Local Effort (RLE).

Business Development Centre, Inc.: The Business Development Centre, Inc. (the “Centre”) provides business advisory services to small businesses in the Central Virginia area, operates a business incubator, and provides financing for qualifying businesses under certain federal programs. The City provides financial support to the Centre by leasing to the Centre, at a nominal amount, the facility which houses the Centre’s operations. As part of the operating agreement with the Centre, the City agrees to advance operating funds to the Centre to cover working capital needs. The City has agreed to provide local matching funds under the revolving loan fund program.

Greater Lynchburg Transit Company: The Greater Lynchburg Transit Company (“GLTC”) was created in 1974 to serve the greater Lynchburg area with public bus and paratransit transportation. GLTC is organized as a not-for-profit stock corporation with the City of Lynchburg as the sole stockholder. The capital for the purchase of the Company’s assets has been provided by federal, state, and local grants, and GLTC is dependent on various operating grants to subsidize operations. The City provides financial support to GLTC through the assumption of the obligation to finance GLTC’s deficits and through annual appropriations for the GLTC operating budget. In accordance with the Memorandum of Understanding signed in FY2013, when GLTC has an operating surplus, the City will establish a Special Reserve to support transit operations. The reserve will be used to cover unplanned cash shortfalls in the annual budget.

Complete financial statements of the individual component units can be obtained directly from their administrative offices at the addresses listed below. The Lynchburg City Schools financial statements are not separately prepared, but are included in this financial report.

Business Development Centre, Inc.
147 Mill Ridge Road
Lynchburg, Virginia 24502

Greater Lynchburg Transit Company
Post Office Box 11286
Lynchburg, Virginia 24506

Jointly Governed Organizations: The following entities are excluded from the accompanying financial statements:

Blue Ridge Regional Jail Authority: The Blue Ridge Regional Jail Authority (the “Authority”) was created by certain Member Jurisdictions for the purpose of developing and operating a regional jail system to be established by acquiring, renovating, and expanding certain existing jail facilities, and constructing additional jail facilities. The Member Jurisdictions are the City of Lynchburg and the Counties of Amherst, Appomattox, Bedford, Campbell, and Halifax. The Authority began operating the existing jail facilities in the Member Jurisdiction on July 1, 1998.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Blue Ridge Regional Jail Authority: (Continued)

The City sold its existing jail facilities to the Authority during FY1997. A new central jail facility was constructed in Lynchburg and opened in FY2000. It is owned and operated by the Authority. Each Member Jurisdiction pays a per diem charge for each day that one of its prisoners is at any Regional Jail Facility. In accordance with the Service Agreement, the Authority has divided the per diem charge into an operating component and a debt service component. The per diem charge is based on an agreed upon number of prisoner days, and is subject to an adjustment at the end of each fiscal year. During FY2023, the City paid \$5,617,353 to the Authority.

Horizon Behavioral Health (formerly Central Virginia Community Services Board): The City, in conjunction with the counties of Amherst, Appomattox, Bedford, and Campbell participates in Horizon Behavioral Health, the governing Board of which is composed of two members from each of the participating localities. The City appropriated \$576,512 for an operating contribution in FY2023.

Central Virginia Planning District Commission: The City serves as the grant recipient for the Federal Workforce Innovation and Opportunity Act's (WIOA) Adult, Dislocated Worker, and Youth Programs on behalf of the Central Virginia Planning District Commission/Central Virginia Workforce Development Board. According to the requirements, grant funds are used to provide employment and training activities for adults and dislocated workers and to provide services for eligible youth. During FY2023, the Central Virginia Planning District Commission received \$1,477,108 in grant funds.

Region 2000 Services Authority: During 2008, the City, in conjunction with the Counties of Campbell and Nelson and the City of Bedford, created the Region 2000 Services Authority (the "Authority"). Appomattox County joined soon thereafter. The City of Bedford withdrew in 2013. Each member jurisdiction pays a per-ton disposal charge based on the actual cost of operation (cost of service), which includes both an operating component and a debt service component. The governing Board is composed of one member from each of the participating localities. In accordance with the member use agreement, the City provided the Authority \$300,000 in initial startup costs. During FY2023, the City paid \$872,653 to the Authority.

Central Virginia Radio Communications Board: During 2012, the Old Central Virginia Regional Radio Communications Board was dissolved and replaced by the Region 2000 Radio Communications Board (the "Board"); name has since reverted back to *Central Virginia Radio Communications Board*. Since the current regional radio system was in need of significant upgrade and replacement before July 1, 2014, the Board was formed in order to manage the project operations and maintenance, including the issuance of debt to finance the upgrades and replacements in an efficient and cost effective manner. The Board consists of representatives from Amherst County, Bedford County, the Town of Bedford, the City of Lynchburg, collectively the "Member Jurisdictions", and the Virginia's Region 200 Local Government Council, now named the Central Virginia Planning District Commission (CVPDC). The Member Jurisdictions and the CVPDC entered into a Cooperative Agreement which requires each Member Jurisdiction to contribute their pro rata share for annual capital costs, operational costs, and any annual deficit. The City's pro rata share is 33.1% effective through July 1, 2013. In accordance with the Cooperative Agreement, the City transferred the title to all 1996 assets to the CVPDC. The CVPDC issued debt of \$13,100,000 in May 2012 to finance the upgrade and replacement of the existing radio system. Each Member Jurisdiction contributes toward the debt service payments made by the CVPDC through their pro rata share of capital costs. The City's pro rata share of capital costs is 30.1%. Should the CVPDC fail to make debt service payments, the Member Jurisdictions have a moral non-binding obligation to pay the debt service. During FY2023, the City paid \$701,611 to the Board. The City's scheduled capital cost payment for FY24 is \$717,336.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Related Organizations: The following entities are excluded from the accompanying financial statements:

Lynchburg Redevelopment and Housing Authority: Under the *Code of Virginia* (“Code”), the Commonwealth of Virginia (“Commonwealth”) created in each city and county a redevelopment and housing authority which is a separate political subdivision of the Commonwealth. In April 1956, City Council activated the Lynchburg Redevelopment and Housing Authority (the “LRHA”) which owns and operates federal and state-assisted housing projects for low-income families and administers urban development projects. Commissioners of the LRHA are appointed by City Council; however, City Council is not financially accountable for LRHA. During FY2023, the City appropriated \$112,426 to the LRHA from the Community Development Block Grant Fund.

Economic Development Authority of the City of Lynchburg: Under the *Code*, City Council passed an ordinance on March 14, 1967, which created the Industrial Development Authority of the City of Lynchburg (the “IDA”). The IDA was established to promote industry and develop trade within the City. The IDA is governed by a board of seven directors appointed by City Council; however, City Council is not financially accountable for the IDA. In 2008 City Council changed the name from the Industrial Development Authority (IDA) to the Economic Development Authority (EDA) to more accurately reflect the work of the Authority beyond the focus of industrial development. Lynchburg’s EDA takes an active role in economic development efforts, actively pursuing investment and development opportunities, and elevating the economic development profile of the City. During FY2023, the City did not appropriate funds to the Economic Development Authority.

Other Boards and Commissions: City Council appoints certain members of various boards and commissions’ governing bodies as provided under state and local laws and ordinances. The boards and commissions are advisory in nature and City Council is not financially accountable for these organizations.

B. Basis of Presentation

The accompanying financial statements present the government and its component units, legally separate entities for which the City is financially accountable.

Government-wide Statements: 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. These statements include the financial activities of the overall government. The effect of interfund activity, other than services provided and used, has been eliminated from these statements to minimize the double counting of internal activities. Excess revenues or expenses of the Internal Service Fund are allocated to the appropriate governmental functional activity. These statements distinguish between the *governmental and business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements: The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various fund categories and fund types presented in the financial statements are described below:

Governmental Fund Types: Governmental funds account for expendable financial resources, other than proprietary fund types. Governmental fund types use the flow of current financial resources measurement focus.

The City reports the following major governmental funds:

General Fund: The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund.

City Capital Projects Fund: The City Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds and the School Capital Projects Fund.

School Capital Projects: The School Capital Projects Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays approved by the School Board and City Council for educational purposes.

The City reports the following non-major governmental funds:

Special Revenue Funds: Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. These funds consist of the City Federal/State Aid Grants, Community Development Block Grant, Lynchburg Business Development Centre, Forfeited Assets, Children's Services Act, Lynchburg Expressway Appearance, HOME Investment Trust, and Lynchburg Regional Juvenile Detention Center.

Proprietary Fund Types: Proprietary funds account for operations that are financed and operated in a manner similar to private business enterprises. The proprietary fund measurement focus is on the flow of economic resources. Operating revenues include charges for services and other revenues. Operating expenses include personal services, operation and maintenance, supplies and materials, depreciation, as well as other services and charges. All revenues and expenses, excluding capital contributions and transfers, not meeting these definitions are reported as non-operating revenues and expenses.

The City reports the following major proprietary funds:

Enterprise Funds: Enterprise Funds account for (a) the financing of services to the general public where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

These funds consist of the Water, Sewer, Stormwater, and Airport Funds.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Water Fund: The Water Fund operates the water distribution system for the City and supplies water to three surrounding counties.

Sewer Fund: The Sewer Fund operates a regional wastewater treatment plant and a combined sewer system. The Sewer Fund also performs cleaning, monitoring, and repairs to the wastewater collection system for the City and provides conveyance and treatment services for three surrounding counties.

Stormwater Fund: The Stormwater Fund performs the operations and maintenance of the storm sewer collection system and manages the City's Small Municipal Separate Storm Sewer System [MS4] General Permit requirements that incorporates water quality compliance goals established by Total Maximum Daily Loads [TMDLs] which include the Chesapeake Bay and the James River Basin TMDLs.

Airport Fund: The Airport Fund accounts for the administration of the Lynchburg Regional Airport.

The total enterprise funds columns in the proprietary fund statements of net position and activities are essentially equal to the business-type activity column in the government wide statements, with the exception of the impact of allocating internal service fund activity.

Additionally, the City reports the following fund types:

Internal Service Fund: The Internal Service Fund accounts for the financing of goods and services supplied to other funds of the City on a cost-reimbursement basis. A Fleet Services Fund has been established to account for the operation and maintenance of City vehicles.

Fiduciary Fund Types – Custodial Funds: Custodial Funds account for assets held by the City as a custodian for others. The City's custodial fund is the Special Welfare Fund.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in and out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 City considers revenues to be available if they are collected within 45 days of the end of the current fiscal period for most non-grant revenues. Reimbursement basis grants are recognized as revenue when all eligibility requirements are met and are considered available if they are collected within one year 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.

Intergovernmental revenues, consisting principally of categorical aid from federal and state agencies, are recognized when earned or at the time of the specific expenditure. Sales, Communication Sales and Use, and public utility taxes, which are collected by the Commonwealth of Virginia and public utilities, respectively, and subsequently remitted to the City, are recognized as revenues and receivables when measurable and available.

Proprietary fund types utilize the accrual basis of accounting. Revenues are recognized when earned, including unbilled utility receivables, and expenses are recognized when incurred. 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 enterprise funds and of the City’s internal service fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap 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 expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary fund reporting focuses on net position and changes in net position. Financial statements of fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

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

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

As a result of the different measurement focus and basis of accounting used in preparing the government-wide statements, a reconciliation between the government-wide and fund financial statements is necessary. Exhibit 4 presents a reconciliation of the net position as reported on the Statement of Net Position (Exhibit 1) to total governmental fund balance as reported on the Balance Sheet – Governmental Funds (Exhibit 3). Exhibit 6 presents a reconciliation of the total change in net position as reported on the Statement of Activities (Exhibit 2) and the total net change in fund balances as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit 5).

D. Budgets and Budgetary Accounting

All governmental and proprietary funds have legally adopted budgets. The Lynchburg Business Development Centre Fund does not adopt a legal annual budget. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Typically, in early March the City Manager submits to City Council a proposed operating budget for the fiscal year commencing July 1 and ending June 30 of the following year. The operating budget includes proposed expenditures and the means of financing them.
- Council studies the proposed budget at work sessions throughout the months of March and April and holds a public hearing to receive citizens' comments.
- Council makes final budget decisions and adopts the budget through passage of an appropriations resolution during the month of May. By July 1, the City Manager prepares and distributes the adopted budget.
- The City prepares a five-year Capital Improvement Program (CIP) for the City Capital Projects, School Capital Projects, Water, Sewer, Stormwater, and Airport funds. The CIP specifies capital improvement or construction projects, which are tentatively identified for funding during the next five years, with the first year of the plan serving as the capital budget. Project budgets are utilized in the capital projects funds. Appropriations for the capital projects funds are continued until completion of applicable projects, even when projects extend for more than one fiscal year, or until repealed.
- Budgets for the General, Water, Sewer, Stormwater, Airport, Capital Projects, and all Special Revenue Funds are prepared in accordance with the City Charter on the modified accrual basis of accounting. Encumbrances are treated as committed and/or assigned fund balance and re-appropriated in the next fiscal year. Revenues, expenditures, and transfers related to internal service type functions are included for budget purposes. The budget for the Lynchburg City Schools (School Operating Fund) is prepared on the modified accrual basis of accounting.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total budget amounts and/or appropriations of any fund require an amendment to the budget. The Code of Virginia requires that City Council approve any amendment. If the total of the proposed amendment exceeds one percent of the total budgeted revenue, the proposed amendment must be advertised and a public hearing must be held before City Council can act. After the public hearing, City Council can act on the proposed amendment. The Superintendent of the Schools is authorized to transfer budget amounts within departments; however, any revisions that alter total budget amounts of any department must be approved by the School Board.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

- All operating budget appropriations lapse at the end of the fiscal year to the extent that they are not expended or encumbered, with the exception of year-end carry-forward items approved by City Council.
- Prior to the implementation of GASB 54, the City's special revenue funds included the Technology Fund which has a separate legally adopted budget. With the implementation of GASB 54, the Technology Fund is utilized for internal reporting purposes only. For financial statement reporting (GAAP-basis), the Technology Fund is collapsed into the General Fund. For budgetary basis reporting, the Technology Fund is not included with the General Fund.

The following is a reconciliation of the results of operations for the year on the budgetary basis to the GAAP basis.

	<u>General Fund</u>
Net change in fund balance (non-GAAP budgetary basis)	\$ 5,696,497
Less: Net change in fund balance for Technology Fund	<u>(246,580)</u>
Net change in fund balance (GAAP basis)	<u>\$ 5,449,917</u>

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

- **Cash and Cash Equivalents**

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

- **Investments**

Investments are reported at fair value. Interest earned by certain funds of the Schools and City Capital Projects Fund are allocated to the General Fund. All other interest is allocated to the fund which owns the underlying investments.

- **Receivables**

The City calculates its allowance for uncollectible accounts using historical collection data, and specific account analysis. Receivables are presented net of allowance for doubtful accounts. The allowance is composed of the following:

General Fund, property taxes, and other receivables	\$ 2,438,859
General Fund, ambulance receivables	\$ 2,895,622
Enterprise Funds	\$ 493,005

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Inventory**

Inventory in the Water and Internal Service Funds is valued at cost using the first-in, first-out (FIFO) method. This inventory consists principally of spare parts and fuel held for consumption. The cost is recorded as an expense at the time individual inventory items are withdrawn for use. Inventory in the Lynchburg City School Nutrition program is valued at fair value. This inventory consists of purchased foods, USDA Foods (donated commodities), as well as kitchen supplies. An expense adjustment is made annually after the year-end inventory is counted and valued.

- **Capital Assets**

Governmental funds: Capital outlays are recorded as expenditures on the fund basis and as assets on the government-wide financial statements to the extent the City's capitalization thresholds of \$5,000 for equipment and \$20,000 for buildings, infrastructure, and land improvements are met. Infrastructure has been capitalized retroactively to 1980. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated assets, donated works of art and similar items are reported at acquisition value rather than fair market value on the date donated. Schools buildings and other facilities are capital assets for the City government and not for the component unit.

Works of art, historical treasures, and similar assets have not been capitalized because they are held for public exhibition, education, or research in furtherance of public service, rather than financial gain. The collection is protected, kept unencumbered, cared for, and preserved. The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Proprietary funds: Capital outlays of the proprietary funds are recorded as capital assets on both the fund basis and the government-wide basis. Capital assets are stated at cost or estimated original cost based on independent consultant studies, net of accumulated depreciation. Donated assets, donated works of art and similar items are reported at acquisition value rather than fair market value on the date donated. Capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Repairs and maintenance are charged to expense when incurred. When capital assets are sold or retired, the cost of the assets and the related accumulated depreciation are eliminated and a gain or loss is recognized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Land improvements	15-20
Buildings and improvements:	
New construction	30-40
Improvements	15-20
Infrastructure	30-50
Machinery and equipment	5-10

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Deferred Outflows / Inflows of Resources**

In addition to assets, the statements that present net position report a separate section for *deferred outflows of resources*. These items represent a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statements that present financial position report a separate section for *deferred inflows of resources*. These items represent an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The City and Schools have the following items that qualify for reporting as deferred inflows or outflows:

- The deferred charge on refunding reported in the government-wide statement of net position results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors as well as changes in actuarial assumptions in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over a closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Changes in proportion and differences between employer contributions and proportionate share of employer contributions in the Virginia Retirement System's teacher cost sharing pool or OPEB cost sharing pool plans. This difference is deferred and recognized in expense over the average remaining service life of the employees who are subject to the plan, and may be reported as a deferred outflow or inflow as appropriate.
- *Unavailable revenue* is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. The governmental funds report unavailable revenue from property taxes and other receivables not collected within 45 days of year-end and property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- At the government-wide level, the City reports deferred inflows for unearned property taxes which are billed and/or collected but are intended to fund future years.

- **Compensated Absences**

City employees accumulate vacation time depending upon their length of service up to a total of 288 hours. All outstanding vacation time is payable upon termination of employment. The current portions are recorded as liabilities in the governmental fund financial statements when they have matured as a result of employee resignations and retirements. In proprietary funds, both the expenses and the liabilities are recorded as benefits as earned. All vacation pay is accrued when incurred in the government-wide financial statements. Each operating fund is responsible for covering its share of vacation pay liability.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Arbitrage Rebate Liability**

The U.S. Treasury has issued regulations on calculating the rebate due the Federal government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the City temporarily invests the proceeds of tax exempt debt in securities with higher yields. The City treats the estimated rebate payable as a reduction of available financial resources in the fund that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount of the increase in the estimated rebate payable and a liability is reported in the appropriate fund.

- **Pensions and Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the City's and Schools' Retirement Plan and OPEB, and the additions to/deductions from the City's and Schools' 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.

- **Net Position/Fund Equity**

Net Position in government-wide and proprietary financial statements is classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

The City classifies governmental fund balances as follows:

- **Nonspendable fund balance** includes amounts that cannot be spent because they are either not in spendable form such as inventories and prepaids or they are legally or contractually required to be maintained intact.
- **Restricted fund balance** includes amounts that have constraints placed on their use by external sources such as creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority - City Council. These committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Net Position/Fund Equity (Continued)**

- Assigned fund balance includes amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. Fund Balance may be assigned either through the encumbrance process as a result of normal purchasing activity (which includes the issuance of a purchase order), or by the City Manager or his designee, the Chief Financial Officer, in accordance with the Council adopted fund balance policy.
- Unassigned fund balance is the positive fund balance within the General fund which has not been classified as Restricted, Committed, or Assigned and negative fund balances in other governmental funds.

The City considers restricted fund balance to be spent when an expenditure is incurred for purposes for which restricted and unrestricted fund balance are available unless prohibited by legal documents or contracts. When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts are available, the City considers committed fund balance to be spent first, then assigned fund balance, and lastly unassigned fund balance.

F. Estimates

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

Note 2. Cash 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 from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Investment Policy:

In accordance with the *Code* and other applicable law, including regulations, the City's Investment Policy (Policy) permits investments in Treasury Securities, agency securities, prime quality commercial paper, certificates of deposit maturing within one year and issued by domestic banks, banker's acceptances, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements, open-end investments, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP). Pursuant to Sec. 2.1-234.7 of the *Code*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the carrying value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share in accordance with GASB No. 79). The Investment Policy specifies that no investment may have a maturity greater than one year from the date of purchase, unless matched to a specific cash flow.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 2. Cash and Investments (Continued)

Investments: (Continued)

Credit Risk:

As required by state statute or by the City, the Policy requires that commercial paper have a short-term debt rating of P-1 or higher by Moody's Investors Service and A-1 or higher by Standard & Poor's Ratings Services, provided that the issuing domestic corporation has a net worth of \$50 million and its long-term debt is rated A or better by Moody's and Standard & Poor's. Banker's acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Open-end investment funds must be registered under the Securities Act of the Commonwealth or the Federal Investment Company Act of 1940, provided that they invest only in securities approved for investment herein. Commonwealth of Virginia and Virginia Local Government Obligations secured by debt service reserve funds not subject to annual appropriation must be rated AA or higher by Moody's or Standard & Poor's. Repurchase agreements require that the counterparty be rated A or better by Moody's and Standard & Poor's.

As of June 30, 40% of the portfolio was invested in "Aaa" rated obligations; 2% was invested in "Aa1" Municipal Bonds; 3% was invested in "Aa2", and 55% was invested in an "AAAm" rated LGIP fund. The "Aaa" rated portion of the total portfolio included 6% of obligations guaranteed by the U. S. Government; 33% of Federal Agencies; and 1% of Municipal Bonds (percentages are based on the total portfolio). On August 5, 2011, Standard & Poor's downgraded the long-term sovereign credit rating of the United States of America from "AAA" to "AA+" and affirmed the "A-1+" short-term rating. This downgrade relates to 40% of the City's portfolio previously noted as "Aaa" by Moody's Investors Service. All credit ratings presented in this paragraph are Moody's or Standard & Poor's as necessary.

Concentration of Credit Risk:

The Policy's intent is for the City to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity. The Policy places a limit on the amount the City may invest in any single financial institution at no more than 50% of the City's total investments.

As of June 30, investment types that equal or exceed 5% of the portfolio were as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>
U. S. Treasury Notes	5.7%
Municipal Bonds	6.1%
Federal Farm Credit Bank	5.9%
Federal Home Loan Bank	25.6%

Interest Rate Risk:

The Policy limits certain investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. Agency securities must mature within five years of the date of purchase. Prime commercial paper must mature within 270 days of the date of purchase and banker's acceptances must mature within 180 days of the date of purchase.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 2. Cash and Investments (Continued)

Investments: (Continued)

Interest Rate Risk: (Continued)

As of June 30, the carrying values and weighted average maturity were as follows:

Investment Type	Carrying Value	Weighted Average Maturity*
LGIP	\$ 113,731,017	-
U.S. Treasury Notes	11,740,847	314
Federal Farm Credit Bank	12,244,296	293
Federal Home Loan Bank	52,785,400	280
Federal National Mortgage Association	2,958,328	185
Municipal Bonds	12,527,817	465
Total investments	<u>\$ 205,987,705</u>	
Portfolio weighted average maturity		1,537

* Weighted average maturity in days.

Custodial Credit Risk:

The Policy requires that all investment securities shall be held in safekeeping by a third party and evidenced by safekeeping receipts. As required by the *Code*, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction. As of June 30, all investments are held in a bank’s trust department in the City’s name.

Restricted cash and temporary cash investments of the General, Special Revenue, City Capital Projects, and Enterprise Funds include certain deposits, grant advances, unspent bond proceeds restricted for capital projects, and amounts related to the Passenger Facility Charge program.

The above items are reflected in the statements as follows:

	Primary Government	School Board Component Unit
Deposits and investments:		
Cash on hand	\$ 15,150	\$ -
Deposits	49,530,644	558,565
Funds held in trust by others	-	613,622
Investments	205,987,705	-
	<u>\$ 255,533,499</u>	<u>\$ 1,172,187</u>
Statement of net position:		
Cash and cash equivalents	\$ 127,090,600	\$ 558,565
Investments	92,256,689	-
Restricted cash and cash equivalents	35,933,189	-
Custodial fund cash and cash equivalents	253,021	613,622
	<u>\$ 255,533,499</u>	<u>\$ 1,172,187</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 2. Cash and Investments (Continued)

Investments: (Continued)

Custodial Credit Risk: (Continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and are described as follows.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs;
- Level 3 inputs are significant unobservable inputs.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The City has the following recurring fair value measurements as of June 30:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ 11,740,847	\$ -	\$ -	\$ 11,740,847
U.S. Debt Securities	-	67,988,025	-	67,988,025
Municipal Bonds	-	12,527,817	-	12,527,817
	<u>\$ 11,740,847</u>	<u>\$ 80,515,842</u>	<u>\$ -</u>	<u>\$ 92,256,689</u>

Government bonds, corporate bonds, collateralized mortgage obligations and commercial paper classified in Level 2 of the fair value hierarchy are valued on the basis of evaluated prices provided by independent pricing services when such prices are believed to reflect the fair value of such securities. Such prices may be determined by taking into account a security's price, yield, maturity, call feature, rating, or institutional-size trading in similar groups of securities and developments related to specific securities.

Note 3. Property Taxes

Real estate taxes are levied on a fiscal year basis on July 1, the assessment date, and become a lien as of that date. Supplemental billings are processed through the current tax year to ensure timely recordation. Real estate taxes are payable in four quarterly installments on November 15, January 15, March 15, and May 15.

Personal property taxes are levied on property owned as of January 1, and are payable in two equal installments on June 5 and December 5. Additional billings for personal property acquisitions are due March 5 and September 5.

A penalty of 10% for late payment is assessed on the day after the due date and interest at the rate of 10% is assessed on unpaid balances beginning with the first day of the month following the due date. The City bills and collects its own property taxes.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 4. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2023 were as follows:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$ 1,187,883	\$ 549,486
Non-major Special Revenue Funds:		
City Federal/State Aid	10,721	836,329
Children's Services Act	146,511	266,745
Community Development Block Grant	-	3,219
Lynchburg Regional Juvenile Detention Center	147,399	47,279
HOME Investment Partnerships Program	-	34,311
Major Proprietary Funds:		
Water	90,428	2,588
Sewer	62,249	6,165
Stormwater	10,416	734
Airport	12,754	-
Internal Service	78,495	-
	<u>\$ 1,746,856</u>	<u>\$ 1,746,856</u>

Interfund receivables for governmental funds primarily represent advances to special revenue funds to be repaid with future grant revenues. Interfund receivables for proprietary funds mainly represent the reallocation of health benefits at year end. Interfund payables for proprietary funds represent amounts due for payroll related items at year end.

Interfund transfers were as follows:

	To	From
Major Fund:		
General	\$ 25,000	\$ 48,083,704
Non-major Special Revenue Funds:		
City Federal/State Aid	454,717	-
Lynchburg Regional Juvenile Detention Center	-	35,410
Major Fund – Capital Projects		
City Capital Projects	36,080,599	25,000
School Capital Projects	1,099,856	-
Major Proprietary Funds:		
Water	-	12,631
Sewer	7,512,631	-
Internal Services	2,983,942	-
	<u>\$ 48,156,745</u>	<u>\$ 48,156,745</u>

Transfers between major funds (general, city and school capital projects, and proprietary) and other non-major governmental funds were primarily to support capital projects, operations, and the purchase of fleet vehicles and equipment.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

Note 5. Due From/To Primary Government and Component Units

Due from/to balances between the City and its component units at June 30, were as follows:

	Due From	Due To
Primary Government:		
Major Fund:		
General Fund	\$ 524,684	\$ -
Non-major Special Revenue Fund:		
Lynchburg Business Development Centre Fund	125,000	-
	<u>\$ 649,684</u>	<u>\$ -</u>
Component Units:		
Lynchburg City Schools	\$ -	\$ 83,400
Business Development Centre, Inc.	-	125,000
Greater Lynchburg Transit Company	-	441,284
	<u>\$ -</u>	<u>\$ 649,684</u>

Note 6. Due From Other Governments

Amounts due from other governments at June 30 were as follows:

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Schools	Others
Various federal and state grants	\$ 6,052,438	\$ 251,772	\$ 16,713,437	\$ 208,727
Virginia Revolving Loan	-	1,396,917	-	-
Members of Regional Sewage Treatment Plant	-	3,705,992	-	-
	<u>\$ 6,052,438</u>	<u>\$ 5,354,681</u>	<u>\$ 16,713,437</u>	<u>\$ 208,727</u>

Due from members of the Regional Sewage Treatment Plant:

Amounts due from members of the Regional Sewage Treatment Plant represent amounts due from Amherst County, Bedford Regional Water Authority, and the Campbell County Utilities and Service Authority for their proportionate share (20.46%) of improvements to Joint-Use Facilities under a 1974 agreement (the "Agreement"). These Joint-Use Facilities are defined as the City's Regional Waste Water Treatment Plant and its immediately related treatment facilities used jointly by the City and one or more of the members in connection with the transmission or treatment of wastes made the subject of the Agreement. The cost of improvements are billed to each member and recorded as contributed capital when related projects are completed. Pursuant to Section VI (b) of the Agreement, each member shall have the option of paying its proportionate share of the cost of projects either in cash or on a deferred payment schedule coinciding with the period over which the City's bonds are amortized, plus interest at the rate equivalent to the net interest cost to the City. Future principal payments to be received are as follows:

Amount receivable within 1 year	\$ 286,496
Amount receivable 2 to 5 years	1,129,220
Amount receivable beyond 5 years	<u>2,290,276</u>
	<u>\$ 3,705,992</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

Note 7. Receivables

Receivables as of June 30, net of allowances for uncollectible accounts, are as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Other</u>	<u>Total</u>
Major funds:				
General	\$ 16,329,357	\$ 6,211,827	\$ 2,109,557	\$ 24,650,741
City Capital Projects	-	-	18,181	18,181
Water	-	1,824,829	-	1,824,829
Sewer	-	3,839,385	-	3,839,385
Stormwater	-	461,214	-	461,214
Airport	-	174,179	-	174,179
Internal Service	-	-	17,081	17,081
Non-major Governmental Funds	-	-	1,016,549	1,016,549
	<u>\$ 16,329,357</u>	<u>\$ 12,511,434</u>	<u>\$ 3,161,368</u>	<u>\$ 32,002,159</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 8. Capital Assets

Primary Government:

A summary of the changes in the City's capital assets for governmental activities is as follows:

Governmental Activities	Beginning Balances	Transfers and Additions	Transfers and Retirements	Ending Balances
<u>Capital assets, not being depreciated:</u>				
Land	\$ 23,472,286	\$ 2,428,807	\$ (2,511)	\$ 25,898,582
Construction in progress	41,338,206	-	(7,270,363)	34,067,843
Total capital assets, not being depreciated	64,810,492	2,428,807	(7,272,874)	59,966,425
<u>Capital assets, being depreciated:</u>				
Land improvements	64,623,749	4,284,429	(23,417)	68,884,761
Accumulated depreciation	(28,565,341)	(2,678,702)	23,417	(31,220,626)
Net land improvements	36,058,408	1,605,727	-	37,664,135
Buildings and improvements	320,830,315	4,930,625	-	325,760,940
Accumulated depreciation	(177,077,636)	(7,982,920)	-	(185,060,556)
Net buildings and improvements	143,752,679	(3,052,295)	-	140,700,384
Infrastructure	340,192,792	25,731,152	-	365,923,944
Accumulated depreciation	(190,758,941)	(8,229,487)	-	(198,988,428)
Net infrastructure	149,433,851	17,501,665	-	166,935,516
Machinery and equipment	64,622,836	8,744,059	(4,124,336)	69,242,559
Accumulated depreciation	(44,559,751)	(4,693,633)	3,844,633	(45,408,751)
Net machinery and equipment	20,063,085	4,050,426	(279,703)	23,833,808
Total capital assets, being depreciated	790,269,692	43,690,265	(4,147,753)	829,812,204
Less: accumulated depreciation	(440,961,669)	(23,584,742)	3,868,050	(460,678,361)
Total capital assets, being depreciated	349,308,023	20,105,523	(279,703)	369,133,843
<u>Lease assets:</u>				
Equipment	251,442	44,460	(74,057)	221,845
Infrastructure	2,441,805	-	-	2,441,805
Buildings	113,555	59,874	-	173,429
Accumulated amortization	(154,441)	(173,910)	73,339	(255,012)
Total lease assets being amortized	2,652,361	(69,576)	(718)	2,582,067
Capital assets, net	\$ 416,770,876	\$ 22,464,754	\$ (7,553,295)	\$ 431,682,335

During FY2018, the Region 2000 Radio Communications Board completed the upgrade and replacement to the regional radio system. The City recorded \$4,375,552 as their share of the asset.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 8. Capital Assets (Continued)

Primary Government: (Continued)

Depreciation and amortization were charged to functions as follows:

Governmental activities:	
General government	\$ 1,029,706
Education	5,932,001
Judicial	675,139
Health and human services	271,696
Public safety	2,458,582
Public works	10,880,895
Community development	213,011
Cultural and recreational	1,923,131
	<hr/>
Total governmental activities	23,384,161
	<hr/>
Business-type activities:	
Water	108,529
Sewer	256,334
Stormwater	9,628
Airport	-
	<hr/>
Total business-type activities	374,491
	<hr/>
Total depreciation	\$ 23,758,652

The Fleet Internal Services Fund, whose assets are reported as a part of the City's governmental assets, purchases vehicles that are used by the City's Enterprise Funds. Depreciation related to those vehicles is allocated to the Enterprise Funds. In prior years, the City Capital Projects fund, on occasion, would construct assets that were used primarily by the Enterprise Funds. Depreciation on these assets is also allocated to the Enterprise Funds. The \$374,491 of business-type depreciation reflected above is the allocation of this depreciation and is not reflected on the business-type activities asset information reported below.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 8. Capital Assets (Continued)

Primary Government: (Continued)

A summary of the changes in the City's capital assets for business-type activities is as follows:

Business-type Activities	Beginning Balances	Transfers and Additions	Transfers and Retirements	Ending Balances
<u>Capital assets, not being depreciated:</u>				
Land	\$ 5,187,046	\$ 12,631	\$ -	\$ 5,199,677
Construction in progress	16,744,317	15,233,815	(4,963,044)	27,015,088
Total capital assets, not being depreciated	21,931,363	15,246,446	(4,963,044)	32,214,765
<u>Capital assets, being depreciated:</u>				
Land improvements	14,389,585	540,011	-	14,929,596
Accumulated depreciation	(12,703,490)	(110,140)	-	(12,813,630)
Net land improvements	1,686,095	429,871	-	2,115,966
Buildings and improvements	98,944,881	2,030,007	(116,618)	100,858,270
Accumulated depreciation	(39,272,172)	(3,030,762)	96,679	(42,206,255)
Net buildings and improvements	59,672,709	(1,000,755)	(19,939)	58,652,015
Infrastructure	530,360,193	9,410,781	(90,862)	539,680,112
Accumulated depreciation	(200,366,977)	(11,615,309)	90,862	(211,891,424)
Net infrastructure	329,993,216	(2,204,528)	-	327,788,688
Machinery and equipment	34,398,641	870,839	(290,172)	34,979,308
Accumulated depreciation	(15,524,190)	(1,616,264)	228,594	(16,911,860)
Net machinery and equipment	18,874,451	(745,425)	(61,578)	18,067,448
Capitalized interest	7,345,201	-	-	7,345,201
Accumulated depreciation	(3,040,822)	(146,904)	-	(3,187,726)
Net capitalized interest	4,304,379	(146,904)	-	4,157,475
Total capital assets being depreciated	685,438,501	12,851,638	(497,652)	697,792,487
Less: accumulated depreciation	(270,907,651)	(16,519,379)	416,135	(287,010,895)
Total capital assets, being depreciated	414,530,850	(3,667,741)	(81,517)	410,781,592
<u>Lease assets:</u>				
Equipment	9,545	33,567	(9,545)	33,567
Accumulated amortization	(7,070)	(7,572)	9,545	(5,097)
Total lease assets being amortized	2,475	25,995	-	28,470
Capital assets, net	\$ 436,464,688	\$ 11,604,700	\$ (5,044,561)	\$ 443,024,827

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 8. Capital Assets (Continued)

Component Units:

A summary of changes in the capital assets of the Schools is as follows:

<u>Lynchburg City Schools</u>	<u>Beginning Balances</u>	<u>Transfers and Additions</u>	<u>Transfers and Retirements</u>	<u>Ending Balances</u>
<u>Capital assets, being depreciated:</u>				
Equipment	\$ 21,238,682	\$ 305,116	\$ (1,632,036)	\$ 19,911,762
Accumulated depreciation	(13,804,006)	(1,668,358)	1,632,036	(13,840,328)
Net equipment	<u>7,434,676</u>	<u>(1,363,242)</u>	<u>-</u>	<u>6,071,434</u>
Equipment – cafeteria	1,472,327	68,308	(94,077)	1,446,558
Accumulated depreciation	(1,241,742)	(52,338)	94,077	(1,200,003)
Net equipment – cafeteria	<u>230,585</u>	<u>15,970</u>	<u>-</u>	<u>246,555</u>
Total capital assets being depreciated	22,711,009	373,424	(1,726,113)	21,358,320
Less: accumulated depreciation	<u>(15,045,748)</u>	<u>(1,720,696)</u>	<u>1,726,113</u>	<u>(15,040,331)</u>
Capital assets, net	<u>\$ 7,665,261</u>	<u>\$ (1,347,272)</u>	<u>\$ -</u>	<u>\$ 6,317,989</u>

Details of capital assets of other component units are as follows:

Land, buildings, and improvements	\$ 33,081,362
Construction in progress	359,958
Machinery and equipment	28,620,490
Subscription right-to-use assets	<u>14,560</u>
	<u>62,076,370</u>
Less accumulated depreciation/amortization	<u>28,031,629</u>
	<u>\$ 34,044,741</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 9. Long-Term Liabilities

Primary Government:

General Obligation Debt:

As of June 30, 2023	Interest Rates (%)	Date Issued	Final Maturity	Original Issue	Public Improvements	School Facilities	Proprietary Funds	Total
General Obligation Bonds								
VA Resources Authority	0.00	3/24/1994	2027	\$ 3,976,369	\$ -	\$ -	\$ 389,197	\$ 389,197
VP&SA General Obligation	4.60-5.10	11/10/2005	2026	6,411,957	-	1,097,939	-	1,097,939
VP&SA General Obligation	0.00	11/13/2009	2027	10,255,000	-	2,920,000	-	2,920,000
Public Improvement	2.00-5.00	7/10/2014	2044	101,730,000	12,340,000	51,330,000	12,910,000	76,580,000
Public Improvement								
Refunding	5.00	7/10/2014	2026	13,460,000	3,028,259	1,194,317	522,425	4,745,001
Public Improvement	2.00-5.00	5/19/2016	2046	26,945,000	10,486,281	-	10,663,719	21,150,000
Public Improvement								
Refunding	2.00-5.00	5/19/2016	2038	20,350,000	3,226,951	-	10,368,050	13,595,001
Public Improvement								
Refunding	3.00-5.00	9/26/2017	2040	29,100,000	3,730,584	8,496,037	12,243,380	24,470,001
Public Improvement	2.00-5.00	1/30/2020	2050	49,425,000	32,550,000	3,930,000	12,205,000	48,685,000
Public Improvement								
Refunding	4.00-5.00	10/26/2020	2034	15,340,000	4,033,576	2,947,174	4,644,250	11,625,000
Public Improvement	4.00-5.00	3/7/2023	2053	66,990,000	33,890,000	4,435,000	28,665,000	66,990,000
General Obligation- Direct Borrowings								
Public Improvement								
Refunding	2.26	12/19/2012	2024	4,129,625	74,476	-	-	74,476
Public Improvement	2.75	10/23/2013	2029	10,000,000	2,823,081	374,519	799,400	3,997,000
					<u>\$ 106,183,208</u>	<u>\$ 76,724,986</u>	<u>\$ 93,410,421</u>	<u>\$ 276,318,615</u>

Bonds issued between 1992 and 2010 are callable subject to a maximum premium of 2%.

Authorized and unissued general obligation public improvement bonds amounted to \$68,500,000 at June 30, 2023.

As of June 30, the City's Primary Government had outstanding general obligation debt of \$276,318,615, including direct borrowings from commercial banks totaling \$4,071,476. For all general obligation debt, the full faith and credit of the City are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as the same become due. In each year while any Bonds are outstanding and unpaid, the Council shall be authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the City are assessed, levied and collected, a tax upon all taxable property within the City, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the City are not lawfully available and appropriated for such purpose.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

General Obligation Debt: (Continued)

Direct Borrowing- Event of Default Provisions- Series 2013 Bonds (Issued 10/23/2013):

The events of default (“Events of Default”) with respect to this Bond shall be (i) the failure to pay principal of or interest on this Bond when due, (ii) the failure to perform or observe the covenants set forth in Sections 4 and 5 of the Authorizing Resolution, (iii) any representation or warranty made by the City Manager on behalf of the City in the Certificate of the City Manager as to Representations, Warranties and Covenants of the City of Lynchburg, Virginia, dated October 23, 2013, proving to have been incorrect when made or confirmed, (iv) a default by the City in the payment of the principal of or interest on any other general obligation indebtedness of the City, and (v) the downgrade of the City’s general obligation bond rating below BBB by Fitch Ratings or Baa2 by Moody’s Investors Service or BBB by Standard & Poor’s Ratings Services. Upon the occurrence and continuance of an Event of Default this Bond shall bear interest at the rate of four percent (4%) per annum and the Purchaser shall have the right to declare the principal amount of this Bond to be immediately due and payable and may exercise its rights of remedies available to it under the Authorizing Resolution, at law or in equity.

Legal Debt Limit:

The Constitution of Virginia, Article VII, Section 10(a) sets forth the City’s legal debt limit at ten percent (10%) of its real estate assessed valuation for the issuance of any bonds or other interest-bearing obligations. As shown in Supplementary Statistical Table 22, as of June 30, the City’s debt limit was \$639.8 million. The City’s aggregate general obligation indebtedness was \$276.3 million and the City’s legal debt margin (amount available for issuance of additional debt) was \$363.5 million.

Debt Management Policy:

The City’s Debt Management Policy, which was reaffirmed on January 24, 2023, limits tax-supported debt to four and a half percent (4.50%) of its net assessed valuation of taxable property (general obligation bonds issued for self-supporting enterprise funds are not included in this calculation). As shown in the Supplementary Statistical Table 21, outstanding tax-supported debt was 2.80% of net assessed valuation of taxable property. The Policy also states that the 10-Year Principal Payout Ratio shall not be less than 60% at the end of each adopted five-year Capital Improvement Program. The principal payout ratio for the year ended June 30 was 64.74%. There are no overlapping tax jurisdictions.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Revenue Debt:

As of June 30, 2023	Interest Rates %	Date Issued	Final Maturity	Final Issue	Sewer Fund	Stormwater Fund	Total
Virginia Resources Authority							
Public Utility Revenue Bonds	0.00	3/28/1995	2026	\$ 6,541,207	\$ 548,968	\$ -	\$ 548,968
Public Utility Revenue Bonds	0.00	8/10/1995	2028	10,000,000	1,321,428	-	1,321,428
Public Utility Revenue Bonds	0.00	6/27/1996	2029	8,000,000	1,022,915	-	1,022,915
Public Utility Revenue Bonds	0.00	7/17/1997	2030	7,591,540	1,392,531	-	1,392,531
Public Utility Revenue Bonds	0.00	8/21/1998	2031	6,203,000	1,355,458	-	1,355,458
Public Utility Revenue Bonds	0.00	2/15/2001	2032	735,000	187,895	-	187,895
Public Utility Revenue Bonds	0.00	11/6/2001	2034	1,413,613	443,851	-	443,851
Public Utility Revenue Bonds	0.00	9/15/2003	2036	2,350,165	939,050	-	939,050
Public Utility Revenue Bonds	0.00	5/20/2004	2038	6,000,000	2,700,000	-	2,700,000
Public Utility Revenue Bonds	0.00	5/17/2005	2038	6,700,000	3,126,667	-	3,126,667
Public Utility Revenue Bonds	0.00	6/28/2006	2039	9,600,000	4,960,000	-	4,960,000
Public Utility Revenue Bonds	0.00	6/20/2007	2039	7,000,000	3,733,333	-	3,733,333
Public Utility Revenue Bonds	0.00	6/5/2008	2041	12,350,000	7,204,167	-	7,204,167
Public Utility Revenue Bonds	0.00	6/25/2009	2041	19,000,000	11,400,000	-	11,400,000
Public Utility Revenue Bonds	0.00	6/17/2010	2042	13,100,000	8,296,667	-	8,296,667
Public Utility Revenue Bonds	0.00	6/15/2011	2033	9,343,149	4,667,685	-	4,667,685
Public Utility Revenue Bonds	0.00	6/15/2011	2045	10,100,000	7,238,333	-	7,238,333
Public Utility Revenue Bonds	0.00	6/6/2012	2044	7,000,000	4,900,000	-	4,900,000
Public Utility Revenue Bonds	0.00	1/5/2017	2038	1,697,269	-	1,314,278	1,314,278
Public Utility Revenue Bonds	0.00	9/18/2018	2041	32,000,000	28,000,000	-	28,000,000
Public Utility Revenue Bonds	0.00	7/30/2020	2041	1,500,000	1,350,000	-	1,350,000
					<u>\$ 94,788,948</u>	<u>\$ 1,314,278</u>	<u>\$ 96,103,226</u>

The revenue bonds have been issued in accordance with the terms of an indenture agreement with the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth of Virginia (the "Authority"), as Administrator of the Virginia Water Facilities Revolving Fund and City of Lynchburg.

Pursuant to Chapter 22 Title 62.1 of the Code of Virginia (1950), as amended ("the Act"), the General Assembly created a permanent and perpetual fund known as the "Virginia Water Facilities Revolving Fund." In conjunction with the State Water Control Board, the Authority administers and manages the Fund. From the Fund, the Authority from time to time makes loans to and acquires obligations of local governments in Virginia to finance the costs of constructing the following facilities: 1) Wastewater treatment within the meaning of Section 62.1-224 of the Act 2) Structures or implementing other best management practices that reduce or prevent pollution of state waters caused by stormwater runoff from impervious surfaces within the meaning of Section 62.1-229.4 of the Act.

All of the indenture agreements require the City to pledge its Sewer Fund and Stormwater Fund Revenues as collateral for the revenue bonds and to maintain a debt coverage ratio at least equal to 1.15. As shown in Supplementary Statistical Tables 23 and 24, the Sewer Fund's debt coverage ratio for the year ended June 30 was 1.63 and the Stormwater Fund's debt coverage ratio was 3.53.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Summary of Changes in Long-Term Liabilities for FY 2023:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bond anticipation notes	\$ 7,910,018	\$ 4,294,776	\$ 12,204,794	\$ -	\$ -
General obligation bonds	152,732,867	41,695,000	10,208,947	184,218,920	10,805,659
General obligation- Direct borrowings	5,163,394	-	1,091,918	4,071,476	741,476
Lease obligations	2,657,898	104,333	150,898	2,611,333	103,182
Other long term payable *	2,187,777	-	437,555	1,750,222	437,555
Adjust for deferred amounts:					
Issuance discounts	(266,544)	-	(53,309)	(213,235)	-
Issuance premiums	14,055,841	4,032,956	1,201,246	16,887,551	-
Total bonds and notes	184,441,251	50,127,065	25,242,049	209,326,267	12,087,872
Workers' compensation**	2,263,100	1,924,674	1,068,242	3,119,532	374,344
Compensated absences**	5,078,109	3,903,828	3,213,938	5,767,999	692,161
	<u>\$ 191,782,460</u>	<u>\$ 55,955,567</u>	<u>\$ 29,524,229</u>	<u>\$ 218,213,798</u>	<u>\$ 13,154,377</u>

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bond anticipation notes	\$ 10,575,458	\$ 6,416,436	\$ 16,991,894	\$ -	\$ -
General obligation bonds	66,039,547	25,295,000	3,306,328	88,028,219	3,594,059
Public utility revenue bonds	102,639,867	-	6,536,641	96,103,226	6,536,641
Lease obligations	2,390	33,567	8,280	27,677	5,483
Adjust for deferred amounts:					
Issuance premiums	5,873,777	830,148	358,463	6,345,462	-
Total bonds and notes	185,131,039	32,575,151	27,201,606	190,504,584	10,136,183
Workers' compensation	244,666	(210,581)	20,485	13,600	1,632
Compensated absences	696,869	677,788	581,670	792,987	95,158
	<u>\$ 186,072,574</u>	<u>\$ 33,042,358</u>	<u>\$ 27,803,761</u>	<u>\$ 191,311,171</u>	<u>\$ 10,232,973</u>

* An intangible asset was obtained concurrent with the recordation of this long term payable. Neither instrument constituted a source or a use of current financial resources; therefore, they are not reflected in the fund financial statements. The intangible asset is included in capital assets in Exhibit 1.

**For governmental activities, a portion of the workers' compensation and compensated absences are liquidated by the Internal Service Fund. The remaining portion of the workers' compensation, compensated absences, and other post-employment benefits are liquidated by the General Fund.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Debt Service to Maturity:

Year Ending June 30	Governmental Activities				
	General Obligation Bonds		General Obligation- Direct Borrowings		Other Long Term Payable
	Principal	Interest	Principal	Interest	Principal
2024	\$ 10,805,659	\$ 7,165,666	\$ 741,476	\$ 101,167	\$ 437,555
2025	11,161,023	6,858,103	666,000	82,418	437,555
2026	11,497,972	6,336,157	666,000	64,103	437,555
2027	10,781,461	5,781,268	666,000	45,788	437,557
2028	9,359,313	5,328,436	666,000	27,473	-
2029-2033	46,566,558	20,590,581	666,000	9,158	-
2034-2038	43,364,020	11,581,057	-	-	-
2039-2043	38,032,914	4,046,849	-	-	-
2044	2,650,000	106,000	-	-	-
	<u>\$ 184,218,920</u>	<u>\$ 67,794,117</u>	<u>\$ 4,071,476</u>	<u>\$ 330,107</u>	<u>\$ 1,750,222</u>

Year Ending June 30	Business-Type Activities							
	General Obligation Bonds							
	Water Fund		Sewer Fund		Stormwater Fund		Airport Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,900,347	\$ 1,803,641	\$ 1,531,449	\$ 1,169,226	\$ 55,000	\$ 207,624	\$ 107,263	\$ 64,579
2025	1,933,801	1,753,119	1,589,703	1,136,024	95,000	224,825	111,093	63,556
2026	1,985,705	1,651,577	1,408,065	1,067,885	100,000	219,950	115,058	58,001
2027	2,058,892	1,547,029	1,322,171	1,003,268	100,000	214,950	72,476	52,248
2028	2,100,848	1,454,668	1,341,586	948,985	110,000	209,700	78,253	49,774
2029-2033	10,712,601	5,971,913	6,535,928	3,946,238	630,000	959,425	429,913	202,681
2034-2038	11,424,263	3,934,055	6,526,765	2,766,022	805,000	791,047	409,952	108,947
2039-2043	7,766,001	2,160,522	5,291,086	1,745,804	995,000	598,769	320,000	33,300
2044-2048	4,690,000	1,043,650	4,495,000	893,175	1,205,000	389,419	-	-
2049-2053	3,400,000	325,481	2,925,000	253,100	1,350,000	138,141	-	-
	<u>\$ 47,972,458</u>	<u>\$ 21,645,655</u>	<u>\$ 32,966,753</u>	<u>\$ 14,929,727</u>	<u>\$ 5,445,000</u>	<u>\$ 3,953,850</u>	<u>\$ 1,644,008</u>	<u>\$ 633,086</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Debt Service to Maturity: (Continued)

Year Ending June 30	Business-Type Activities	
	Revenue Bonds	
	Sewer Fund Principal	Stormwater Fund Principal
2024	\$ 6,449,022	\$ 87,619
2025	6,449,022	87,619
2026	6,449,022	87,619
2027	6,266,032	87,619
2028	6,005,550	87,618
2029-2033	27,137,959	438,092
2034-2038	23,149,841	438,092
2039-2043	12,144,167	-
2044-2045	738,333	-
	<u>\$ 94,788,948</u>	<u>\$ 1,314,278</u>

June 30, 2020 General Obligation Public Improvement Bond Anticipation Note, Series 2020

On June 30, 2020 the City issued a three-year General Obligation Bond Anticipation Note and concurrently entered into a line of credit Financing Agreement with JPMorgan Chase Bank, N.A. The Agreement provided for borrowings of up to \$42,000,000 to provide interim financing for qualifying city, school, water, sewer, stormwater and fleet capital improvements. Interest on the unpaid principal is equal to the sum of (i) 80% times Daily One-Month London Interbank Offered Rate (LIBOR), plus (ii) 0.96%, as calculated by the Lender on each day. Interest shall be computed on the basis of the actual number of days elapsed in a 360-day year and paid monthly. The outstanding balance of \$29,196,688 was paid on March 7, 2023 with proceeds from the March 7, 2023 General Obligation Public Improvement Bonds, Series 2023. The line of credit was closed on March 7, 2023.

March 7, 2023 General Obligation Public Improvement Bonds, Series 2023

The City issued \$66,990,000 of General Obligation Public Improvement Bonds, Series 2023 dated March 7, 2023 from its competitive bond sale on February 22, 2023. A portion of the proceeds were used to permanently finance \$29,196,688 of interim financing through the line of credit bond anticipation note with JPMorgan Chase Bank, N.A. dated June 30, 2020. The remaining proceeds will finance various public improvement projects for the City. Fleet capital equipment purchases were financed for fourteen-and-a-half years. City, school, and airport projects were financed for nineteen-and-a-half years. Water, sewer and stormwater projects were financed for twenty-nine-and-a-half years. The final maturity date is August 1, 2052, with interest rates ranging from 4.00% to 5.00% and a total all in interest cost of 3.81%.

July 18, 2023 General Obligation Public Improvement Bond Anticipation Note, Series 2023

On July 18, 2023 the City issued a three-year General Obligation Bond Anticipation Note and concurrently entered into a line of credit Financing Agreement with JPMorgan Chase Bank, N.A. The Agreement provided for borrowings of up to \$68,500,000 to provide interim financing for qualifying city, school, water, sewer, stormwater, airport and fleet capital improvements. Interest on the unpaid principal is equal to the sum of (i) 80% times adjusted term secured overnight financing rate (SOFR), plus (ii) 0.55%, as calculated by the Lender. Interest shall be computed on the basis of the actual number of days elapsed in a 360-day year. Interest is paid monthly. All outstanding amounts are due on June 15, 2026. The unused line of credit as of June 30 is \$68,500,000.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 9. Long-Term Liabilities (Continued)

Component Unit – Lynchburg City Schools:

Summary of Changes in Long-Term Liabilities for FY 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Compensated absences	\$ 1,015,826	\$ 653,913	\$ 599,337	\$ 1,070,402	\$ 631,537
	<u>\$ 1,015,826</u>	<u>\$ 653,913</u>	<u>\$ 599,337</u>	<u>\$ 1,070,402</u>	<u>\$ 631,537</u>

Note 10. Fund Equity Balances

Fund Balance Policy:

- The City of Lynchburg’s Unassigned General Fund Balance (UGFB) will be maintained at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- The City shall not use the UGFB to finance recurring operating expenditures.
- The City will maintain an UGFB equal to 10% of General Fund revenues with a goal of 15% as the City strives to grow incrementally each year subject to revenues available. In the event the UGFB is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the UGFB to the minimum of 10% over three years.
- The City will balance moving towards the 15% targeted fund balance with its annual “Pay as you go” capital improvement requirements.

For FY 2023 the City was in compliance with the Fund Balance Policy.

A schedule of City fund balances is on the following pages.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2023

	MAJOR FUNDS			NON MAJOR SPECIAL REVENUE FUNDS			
	GENERAL FUND	CITY CAPITAL PROJECTS	SCHOOL CAPITAL PROJECTS	CITY FEDERAL STATE AID	COMMUNITY DEVELOPMENT BLOCK GRANT	LYNCHBURG BUSINESS DEVELOPMENT CENTRE	FORFEITED ASSETS
FUND BALANCES							
Restricted for:							
Fire Department	\$ -	\$ -	\$ -	\$ 371,647	\$ -	\$ -	\$ -
Public Safety	-	-	-	313,151	-	-	-
Economic Development	-	-	-	65,787	-	-	-
Special Events	-	-	-	44,277	-	-	-
Grants	-	-	-	169,683	-	-	-
Transportation Projects	-	505,596	-	-	-	-	-
State Asset Forfeiture - Commonwealth Attorney	-	-	-	-	-	-	68,641
Federal Asset Forfeiture- Police	-	-	-	-	-	-	202,213
State Asset Forfeiture - Police	-	-	-	-	-	-	42,446
Health and Human Services	-	-	-	-	-	-	-
Lynchburg Expressway beautification	-	-	-	-	-	-	-
HOME projects	-	-	-	-	-	-	-
Juvenile Detention Center	-	-	-	-	-	-	-
Committed to:							
Technology	1,646,643	-	-	-	-	-	-
Detention Home Workers Compensation	100,000	-	-	-	-	-	-
Health Insurance Reserve	163,120	-	-	-	-	-	-
Schools for Textbooks	2,229,511	-	-	-	-	-	-
Schools for Health Insurance Reserve	2,066,925	-	-	-	-	-	-
Other Postemployment Benefits	3,076,333	-	-	-	-	-	-
Solid Waste Debt Retirement	103,104	-	-	-	-	-	-
Schools Special Education	321,000	-	-	-	-	-	-
GLTC Special Reserve	2,146,736	-	-	-	-	-	-
Self Insurance (5001)	598,526	-	-	-	-	-	-
Fuel	300,000	-	-	-	-	-	-
Concord Turnpike Landfill Maintenance	240,000	-	-	-	-	-	-
Airline Service	400,000	-	-	-	-	-	-
Debt Service	1,726,735	-	-	-	-	-	-
Community Development	583	-	-	-	-	-	-
Cultural and Recreational	3,963	-	-	-	-	-	-
General Government	38,667	-	-	-	-	-	-
Health and Welfare	13,102	-	-	-	-	-	-
Judicial	4,106	-	-	-	-	-	-
Public Safety	25,947	-	-	-	-	-	-
Public Works	533,180	-	-	-	-	-	-
Building projects	-	47,817,090	-	-	-	-	-
Transportation projects	-	14,774,349	-	-	-	-	-
Economic Development projects	-	5,106,383	-	-	-	-	-
Parks and Recreation projects	-	5,180,167	-	-	-	-	-
School Construction and Maintenance	-	-	6,041,887	-	-	-	-
Provision of loan funds for small businesses	-	-	-	-	-	125,384	-
Assigned to:							
Return of School Fund Balance	83,400	-	-	-	-	-	-
Law Library	63,385	-	-	-	-	-	-
Museum	50,028	-	-	-	-	-	-
Recreation Programs	442,939	-	-	-	-	-	-
Pier Program	15,484	-	-	-	-	-	-
Health Insurance Reserve	3,061,235	-	-	-	-	-	-
Line of Duty Death Benefit	501,440	-	-	-	-	-	-
Future Landfill Needs	260,998	-	-	-	-	-	-
Parking Operations	261,703	-	-	-	-	-	-
Point of Honor	2,653	-	-	-	-	-	-
Future Police Building	1,228,715	-	-	-	-	-	-
Fire Restitution	100	-	-	-	-	-	-
Juvenile Detention Center	-	-	-	-	-	-	-
Adopt-A-Bed	1,085	-	-	-	-	-	-
Virginia Land Conservancy	2,314	-	-	-	-	-	-
General Government	678,244	-	-	-	-	-	-
Health and Welfare	26,982	-	-	-	-	-	-
Judicial	3,024	-	-	-	-	-	-
Public Safety	557,775	-	-	-	-	-	-
Public Works	2,435,297	-	-	-	-	-	-
Community Development	305,596	-	-	-	-	-	-
Community Diversion	167,452	-	-	-	-	-	-
Cultural & Recreational	213,058	-	-	-	-	-	-
Horizon Project	2,153,628	-	-	-	-	-	-
Unassigned:	68,092,249	-	-	-	-	-	-
Total Fund Balance	\$ 96,346,965	\$ 73,383,585	\$ 6,041,887	\$ 964,545	\$ -	\$ 125,384	\$ 313,300

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

	NON MAJOR SPECIAL REVENUE FUNDS				
	CHILDREN'S SERVICES ACT	LYNCHBURG EXPRESSWAY APPEARANCE	HOME INVESTMENT PARTNERSHIP PROGRAM	LYNCHBURG REGIONAL JUVENILE DETENTION CENTER	ALL FUNDS
FUND BALANCES					
Restricted for:					
Fire Department	\$ -	\$ -	\$ -	\$ -	\$ 371,647
Public Safety	-	-	-	-	313,151
Economic Development	-	-	-	-	65,787
Special Events	-	-	-	-	44,277
Grants	-	-	-	-	169,683
Transportation Projects	-	-	-	-	505,596
State Asset Forfeiture - Commonwealth Attorney	-	-	-	-	68,641
Federal Asset Forfeiture- Police	-	-	-	-	202,213
State Asset Forfeiture - Police	-	-	-	-	42,446
Health and Human Services	84,739	-	-	-	84,739
Lynchburg Expressway beautification	-	214,596	-	-	214,596
HOME projects	-	-	5,834	-	5,834
Juvenile Detention Center	-	-	-	222,226	222,226
Committed to:					
Technology	-	-	-	-	1,646,643
Detention Home Workers Compensation	-	-	-	-	100,000
Health Insurance Reserve	-	-	-	-	163,120
Schools for Textbooks	-	-	-	-	2,229,511
Schools for Health Insurance Reserve	-	-	-	-	2,066,925
Other Postemployment Benefits	-	-	-	-	3,076,333
Solid Waste Debt Retirement	-	-	-	-	103,104
Schools Special Education	-	-	-	-	321,000
GLTC Special Reserve	-	-	-	-	2,146,736
Self Insurance (5001)	-	-	-	-	598,526
Fuel	-	-	-	-	300,000
Concord Turnpike Landfill Maintenance	-	-	-	-	240,000
Airline Service	-	-	-	-	400,000
Debt Service	-	-	-	-	1,726,735
Community Development	-	-	-	-	583
Cultural and Recreational	-	-	-	-	3,963
General Government	-	-	-	-	38,667
Health and Welfare	-	-	-	-	13,102
Judicial	-	-	-	-	4,106
Public Safety	-	-	-	-	25,947
Public Works	-	-	-	-	533,180
Building projects	-	-	-	-	47,817,090
Transportation projects	-	-	-	-	14,774,349
Economic Development projects	-	-	-	-	5,106,383
Parks and Recreation projects	-	-	-	-	5,180,167
School Construction and Maintenance	-	-	-	-	6,041,887
Provision of loan funds for small businesses	-	-	-	-	125,384
Assigned to:					
Return of School Fund Balance	-	-	-	-	83,400
Law Library	-	-	-	-	63,385
Museum	-	-	-	-	50,028
Recreation Programs	-	-	-	-	442,939
Pier Program	-	-	-	-	15,484
Health Insurance Reserve	-	-	-	-	3,061,235
Line of Duty Death Benefit	-	-	-	-	501,440
Future Landfill Needs	-	-	-	-	260,998
Parking Operations	-	-	-	-	261,703
Point of Honor	-	-	-	-	2,653
Future Police Building	-	-	-	-	1,228,715
Fire Restitution	-	-	-	-	100
Juvenile Detention Center	-	-	-	234	234
Adopt-A-Be	-	-	-	-	1,085
Virginia Land Conservancy	-	-	-	-	2,314
General Government	-	-	-	-	678,244
Health and Welfare	-	-	-	-	26,982
Judicial	-	-	-	-	3,024
Public Safety	-	-	-	-	557,775
Public Works	-	-	-	-	2,435,297
Community Development	-	-	-	-	305,596
Community Diversion	-	-	-	-	167,452
Cultural & Recreational	-	-	-	-	213,058
Horizon Project	-	-	-	-	2,153,628
Unassigned:	-	-	-	-	68,092,249
Total Fund Balance	\$ 84,739	\$ 214,596	\$ 5,834	\$ 222,460	\$ 177,703,295

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 11. Defined Benefit Pension Plan – City of Lynchburg

Plan Description

All full-time, salaried permanent employees of the City of Lynchburg, Virginia, (the “Political Subdivision”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is 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 different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Active members	1,143
Inactive members	<u>2,067</u>
Total covered employees	<u>3,210</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.

The political subdivision’s contractually required contribution rate for the year ended June 30, 2023 was 20.96% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 political subdivision were \$14,240,279 and \$11,141,125 for the years ended June 30, 2023 and June 30, 2022, respectively.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 11. Defined Benefit Pension Plan – City of Lynchburg (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rate to better fit experience and increased final retirement age to 70; decreased rates of withdrawal; no change to disability rates; no changes to salary scale; no change to line of duty disability; and no change to discount rate.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 11. Defined Benefit Pension Plan – City of Lynchburg (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.83 %

- * The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 11. Defined Benefit Pension Plan – City of Lynchburg (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2021	\$ 416,563,859	\$ 343,262,007	\$ 73,301,852
Changes for the year:			
Service cost	6,786,710	-	6,786,710
Interest	27,758,411	-	27,758,411
Differences between expected and actual experience	(5,754,737)	-	(5,754,737)
Contributions – employer	-	11,256,065	(11,256,065)
Contributions – employee	-	2,889,376	(2,889,376)
Net investment income	-	(244,636)	244,636
Benefit payments, including refunds of employee contributions	(24,229,710)	(24,229,710)	-
Administrative expenses	-	(214,575)	214,575
Other changes	-	7,818	(7,818)
Net changes	4,560,674	(10,535,662)	15,096,336
Balances at June 30, 2022	\$ 421,124,533	\$ 332,726,345	\$ 88,398,188

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 11. Defined Benefit Pension Plan – City of Lynchburg (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability	<u>\$ 140,665,374</u>	<u>\$ 88,398,188</u>	<u>\$ 45,330,697</u>

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

For the year ended June 30, 2023, the political subdivision recognized pension expense of \$7,006,331. At June 30, 2023, the political subdivision 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	\$ -	\$ 7,196,727
Change in assumptions	7,392,202	-
Net difference between projected and actual earnings on pension plan investments	-	9,932,051
Employer contributions subsequent to the measurement date	<u>14,240,279</u>	<u>-</u>
Total	<u>\$ 21,632,481</u>	<u>\$ 17,128,778</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 11. Defined Benefit Pension Plan – City of Lynchburg (Continued)

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

The \$14,240,279 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2024	\$ (3,045,689)
2025	(3,718,246)
2026	(7,586,140)
2027	4,613,499
2028	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2023 \$1,357,424 was payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 11. Defined Benefit Pension Plan – School Non-professionals

Plan Description

All full-time, salaried permanent non-professional employees (non-teachers) of the Lynchburg City Schools, (the “School division”) are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is 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. The plan provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described for the City. The Laurel Regional Program (the “Program”) participates in post-retirement benefits through the Lynchburg City Schools (the “Schools”) various benefit plans through its fiduciary relationship with the Schools. The Schools accounts for and report the Program’s participation in the Schools’ benefit plans by applying the requirements for a cost-sharing multiple employer plan. All Required Supplementary Information is presented for the various post-retirement benefit plans at the Schools as a whole.

Employees Covered by Benefit Terms

As of the June 30, 2021 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	<u>115</u>
Inactive members:	
Vested inactive members	10
Non-vested inactive members	81
Inactive members active elsewhere in VRS	<u>30</u>
Total inactive members	<u>121</u>
Active members	<u>143</u>
Total covered employees	<u><u>379</u></u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 11. Defined Benefit Pension Plan – School Non-professionals (Continued)

Contributions

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

The school division's contractually required contribution rate for the year ended June 30, 2023 was 5.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 school division were \$180,715 and \$218,677 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Teacher cost sharing plan – Salary increases, including inflation	3.50 – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 45% to 70% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set backs or set forwards for both males and females.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

Note 11. Defined Benefit Pension Plan – School Non-professionals (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; no change to line of duty disability; and no change to discount rate.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.83 %

The above allocation provides for a one-year return of 7.83%. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

Note 11. Defined Benefit Pension Plan – School Non-professionals (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at June 30, 2021	\$ 16,971,300	\$ 18,513,299	\$ (1,541,999)
Changes for the year:			
Service cost	356,943	-	356,943
Interest	1,161,979	-	1,161,979
Differences between expected and actual experience	(476,173)	-	(476,173)
Contributions – employer	-	217,911	(217,911)
Contributions – employee	-	196,210	(196,210)
Net investment income	-	(14,494)	14,494
Benefit payments, including refunds of employee contributions	(933,965)	(933,965)	-
Administrative expenses	-	(11,823)	11,823
Other changes	-	(6,108)	6,108
Net changes	108,784	(552,269)	661,053
Balances at June 30, 2022	\$ 17,080,084	\$ 17,961,030	\$ (880,946)

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 11. Defined Benefit Pension Plan – School Non-professionals (Continued)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's net pension liability (asset)	<u>\$ 1,124,277</u>	<u>\$ (880,946)</u>	<u>\$ (2,531,381)</u>

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

For the year ended June 30, 2023, the school division recognized pension expense of \$96,615. At June 30, 2023, the political subdivision 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	\$ -	\$ 285,096
Change in assumptions	60,689	-
Net difference between projected and actual earnings on pension plan investments	-	551,184
Employer contributions subsequent to the measurement date	<u>180,715</u>	<u>-</u>
Total	<u>\$ 241,404</u>	<u>\$ 836,280</u>

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 11. Defined Benefit Pension Plan – School Non-professionals (Continued)

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

The \$180,715 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2024	\$ (359,601)
2025	(300,160)
2026	(369,763)
2027	253,933
2028	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2023, \$33,053 was payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

Note 12. Defined Benefit Pension Plan – Lynchburg City Schools Teacher Cost Sharing Plan

General Information about the Teacher Cost Sharing Plan

Plan Description

All full-time, salaried permanent (professional) employees of Virginia public school divisions, including Lynchburg City Schools, (the "School Division"), are automatically covered by the VRS Teacher Retirement Plan upon employment. This multiple employer, cost sharing plan is 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 employers 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 funded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and Hybrid. The provisions and features of the plans, as well as all actuarial assumptions, are substantially the same as those described in Note 11.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 12. Defined Benefit Pension Plan – Lynchburg City Schools Teacher Cost Sharing Plan (Continued)

General Information about the Teacher Cost Sharing Plan (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$9,502,324 and \$8,894,334 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

Pension Liabilities, Pension Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the school division reported a liability of \$56,951,364 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.618% as compared to 0.611% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized pension benefit of \$491,948. Since there was a change in proportionate share between measurement dates, a portion of the pension benefit was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between the expected and actual contributions is included with the pension expense calculation.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 12. Defined Benefit Pension Plan – Lynchburg City Schools Teacher Cost Sharing Plan (Continued)

Pension Liabilities, Pension Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At June 30, 2023, the school division 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	\$ -	\$ 3,927,022
Change in assumptions	5,369,366	-
Net difference between projected and actual earnings on pension plan investments	-	7,425,265
Changes in proportion and differences between Employer contributions and proportionate share of contributions	709,190	4,256,675
Employer contributions subsequent to the measurement date	<u>9,502,324</u>	<u>-</u>
Total	<u>\$ 15,580,880</u>	<u>\$ 15,608,962</u>

The \$9,502,324 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2024	\$ (3,816,610)
2025	(3,723,410)
2026	(5,507,273)
2027	3,516,887
2028	-
Thereafter	-

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 12. Defined Benefit Pension Plan – Lynchburg City Schools Teacher Cost Sharing Plan (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	<u>45,211,731</u>
Employers' Net Pension Liability	<u><u>\$ 9,520,598</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 101,719,495</u>	<u>\$ 56,951,364</u>	<u>\$ 20,500,260</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2023, \$1,096,549 was payable to the Virginia Retirement System for the legally required contributions related to June 2023 payroll.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

Note 13. Summary of Pension Benefit Elements

A summary of pension financial statement elements are as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources			
Pension contributions subsequent to measurement date	\$ 12,424,643	\$ 1,815,636	\$ 14,240,279
Changes of assumptions	6,449,696	942,506	7,392,202
Total deferred outflow of resources	<u>\$ 18,874,339</u>	<u>\$ 2,758,142</u>	<u>\$ 21,632,481</u>
Net pension liability	<u>\$ 77,127,419</u>	<u>\$ 11,270,769</u>	<u>\$ 88,398,188</u>
Deferred inflows of resources			
Differences between projected and actual earnings on investments	\$ 8,665,714	\$ 1,266,337	\$ 9,932,051
Differences between expected and actual experience	6,279,144	917,583	7,196,727
Total deferred inflow of resources	<u>\$ 14,944,858</u>	<u>\$ 2,183,920</u>	<u>\$ 17,128,778</u>
Pension Expense			
VRS	\$ 6,113,024	\$ 893,307	\$ 7,006,331
Total pension expense	<u>\$ 6,113,024</u>	<u>\$ 893,307</u>	<u>\$ 7,006,331</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 13. Summary of Pension Benefit Elements (Continued)

Lynchburg City Schools

The Schools participate in two pension plans as described in Notes 11 and 12. Following is a summary of key pension-related financial statement elements lifted from those notes.

	<u>School Board Component Unit</u>
Deferred outflows of resources:	
Changes in proportion and related differences – cost sharing plans VRS Teacher cost sharing plan	\$ 709,190
Changes in assumptions	
VRS – nonprofessionals	60,689
VRS Teacher cost sharing plan	5,369,366
Contributions subsequent to measurement date	
VRS – nonprofessionals	180,715
VRS Teacher cost sharing plan	<u>9,502,324</u>
	<u>\$ 15,822,284</u>
Net VRS liability (asset):	
VRS – nonprofessionals	\$ (880,946)
VRS Teacher cost sharing plan	<u>56,951,364</u>
	<u>\$ 56,070,418</u>
Deferred inflows of resources:	
Difference between expected and actual experience	
VRS – nonprofessionals	\$ 285,096
VRS Teacher cost sharing plan	3,927,022
Net difference between projected and actual earnings on pension plan investments	
VRS – nonprofessionals	551,184
VRS Teacher cost sharing plan	7,425,265
Changes in proportion and related differences – cost sharing plans VRS Teacher cost sharing plan	<u>4,256,675</u>
	<u>\$ 16,445,242</u>
Net VRS expense (benefit)	
VRS – nonprofessionals	\$ (96,615)
VRS Teacher cost sharing plan	<u>491,948</u>
	<u>\$ 395,333</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 14. Other Post-Employment Benefits – Healthcare

City of Lynchburg

Plan Description

The City provides certain benefits for retired employees through a single-employer defined benefit plan. The City may change, add, or delete benefits with City Council approval. The plan does not grant retirees vested health or dental coverage benefits.

Benefits Provided

The City provides post-employment health and dental benefits to its retirees, through its self-insured health plan. Retirees may continue to participate in the group health and dental plans based upon the date of full time hire in accordance with the provisions outlined below.

- (1) Full time Classified employees hired on or after July 1, 1996 are currently eligible to participate in the City's health and dental plans at the retiree's expense when they retire directly from the City with at least fifteen (15) years of full-time service with the City. The retiree must pay the current premium value of the medical coverage.
- (2) Full time Classified employees hired on or after July 1, 1990 but before July 1, 1996 are currently eligible to participate in the City's health and dental plans and receive City contributions for the coverage when they retire directly from the City with at least fifteen (15) years of full-time service with the City and the retiree worked for the City five (5) of the fifteen (15) years immediately preceding retirement.
- (3) Full time Classified employees hired prior to July 1, 1990 are currently eligible for health and dental plan participation and receive City contributions for their coverage when they retire directly from the City.

The City does not provide prescription coverage for Medicare eligible retirees.

Membership

The number of participants as of the most recent valuation, January 1, 2022, was as follows:

Actives	1,098
Retired/Dependents	<u>478</u>
Total Participants	<u><u>1,576</u></u>

Total OPEB Liability

The City's total OPEB liability of \$37,420,544 was measured as of June 30, 2023, and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions

In the January 1, 2022 actuarial valuation, the Entry Age actuarial cost method was used to develop the AAL and the Normal Cost. Under this method, the postretirement health costs are assumed to be earned ratably from date of hire to the participant's full retirement eligibility age (age 50 or older with 15 or more years of service). The actuarial assumptions used a 3.87% discount rate, and an initial annual healthcare cost trend of 6.0% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.25%. Mortality rates were RPH-2014 for Males and Females projected generationally to 2020 with Scale SSA.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 14. Other Post-Employment Benefits – Healthcare (Continued)

City of Lynchburg (Continued)

Changes in OPEB Liability

	2023
Service Cost	\$ 258,665
Interest	1,412,267
Changes in assumptions	(759,186)
Benefit payments, including implicit subsidies	(2,983,684)
Net Change in Total OPEB Liability	(2,071,938)
Total OPEB Liability – Beginning of Year	39,492,482
Total OPEB Liability – End of Year	<u>\$ 37,420,544</u>

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

The following presents the net OPEB liability of the plans, calculated using the discount rate of 3.87%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease (2.87%)	Current Discount Rate (3.87%)	1.00% Increase (4.87%)
Total OPEB Liability	\$ 42,258,306	\$ 37,420,544	\$ 33,469,585
Net OPEB Liability	<u>\$ 42,258,306</u>	<u>\$ 37,420,544</u>	<u>\$ 33,469,585</u>
Ratio of Plan Net Position to Total OPEB Liability	0.0%	0.0%	0.0%

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the plans, calculated using the healthcare cost trend rate of from 6.00% to an ultimate rate of 4.25%, as well as what each plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease (3.25%)	Current Ultimate Trend Rate (4.25%)	1.00% Increase (5.25%)
Total OPEB Liability	\$ 33,351,175	\$ 37,420,544	\$ 42,358,841
Net OPEB Liability	<u>\$ 33,351,175</u>	<u>\$ 37,420,544</u>	<u>\$ 42,358,841</u>
Ratio of Plan Net Position to Total OPEB Liability	0.0%	0.0%	0.0%

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 14. Other Post-Employment Benefits – Healthcare (Continued)

City of Lynchburg (Continued)

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$(6,365,387). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 23,746,093
Change in actuarial assumptions	4,563,720	6,072,331
Total	<u>\$ 4,563,720</u>	<u>\$ 29,818,424</u>

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

Year ended June 30,	Net Amount of Outflow/(Inflow)
2024	\$ (8,036,324)
2025	(4,482,219)
2026	(5,339,277)
2027	(5,339,283)
2028	(801,414)
After 2028	<u>(1,256,187)</u>
Total Amount to be Recognized	<u>\$ (25,254,704)</u>

Lynchburg City Schools

Plan Description

The Schools provide full-time active employees eligibility to receive postretirement medical and dental benefits after retiring from active service from the Schools under the VRS Teachers Retirement Plan under the normal or early retirement plan provisions. The employee must have worked for the Schools for 10 continuous years prior to retirement. The earliest retirement eligibility is age 50 with at least 10 years of service.

Benefits Provided

Lynchburg City Schools currently provides medical, dental and vision benefits to its retirees and their eligible dependents that elect to stay in the plan. At retirement, retirees may stay in an Anthem KeyCare Plan with prescription drug benefits. The plan is an Anthem KeyCare 25 plan with a \$750 deductible.

Dental benefits are offered through Anthem and the vision benefits are offered through EyeMed Vision. Since the retiree pays the full rates for both of these plans, we assumed there was no GASB liability for either of these plans.

Retirees can continue coverage under all the benefits until age 65. If the spouse is covered, he or she can continue until the retiree turns 65. If the spouse turns 65 before the retiree, they may remain in the plan with the same benefits or elect to leave the plan and go on Medicare. It is assumed that spouses would remain in the plan since this was the more conservative approach and there have been spouses over age 65 in the plan.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 14. Other Post-Employment Benefits – Healthcare (Continued)

Lynchburg City Schools (Continued)

Employees Covered by Benefit Terms

As of the July 1, 2022 actuarial valuation, the following employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefits	30
Active plan members	<u>1,271</u>
Total participants	<u><u>1,301</u></u>

Total OPEB Liability

The School's total OPEB liability of \$8,096,672 was measured as of June 30, 2022 and was determined based on an actuarial valuation performed as of July 1, 2022.

Actuarial Assumptions and Other Inputs

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

Inflation	2.5%
-----------	------

Mortality rates: Pub-2010 Teachers Headcounted – Weighted Mortality Table with projections Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 for the VRS.

Changes in assumptions and other inputs reflect a change in the discount rate based on GASB 75 rules.

Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 10,038,220</u>
Changes for the year:	
Service cost	944,891
Interest	233,096
Differences between expected and actual experience	(2,663,577)
Assumption or other input changes	(72,654)
Benefit payments	<u>(383,304)</u>
Net changes	<u>(1,941,548)</u>
Balance at June 30, 2022	<u><u>\$ 8,096,672</u></u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 14. Other Post-Employment Benefits – Healthcare (Continued)

Lynchburg City Schools (Continued)

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

The following presents the total OPEB liability of the Schools, as well as what the Schools' total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

	<u>1.00% Decrease (2.69%)</u>	<u>Current Discount Rate (3.69%)</u>	<u>1.00% Increase (4.69%)</u>
Total OPEB liability	<u>\$ 9,053,762</u>	<u>\$ 8,096,672</u>	<u>\$ 7,256,281</u>

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

The following presents the total OPEB liability of the Schools, as well as what the Schools' total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current healthcare cost trend rates:

	<u>1.00% Decrease (7.00%)</u>	<u>Current Healthcare Cost Trend Rate (8.00%)</u>	<u>1.00% Increase (9.00%)</u>
Total OPEB liability	<u>\$ 7,054,716</u>	<u>\$ 8,096,672</u>	<u>\$ 9,359,661</u>

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

For the year ended June 30, 2023, the Schools recognized OPEB expense of \$356,927. At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 576,463	\$ 4,741,104
Change in assumptions	591,153	113,996
Employer contributions subsequent to the measurement date	<u>98,566</u>	<u>-</u>
Total	<u>\$ 1,266,182</u>	<u>\$ 4,855,100</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 14. Other Post-Employment Benefits – Healthcare (Continued)

Lynchburg City Schools (Continued)

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

The \$98,566 reported as deferred outflows of resources related to OPEB resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Reduction to OPEB Expense
2024	\$ (328,080)
2025	(852,822)
2026	(852,824)
2027	(915,575)
2028	(347,292)
Thereafter	(390,891)

Note 15. Other Post-Employment Benefits – Group Life Insurance

City of Lynchburg

Summary of Significant Accounting Policies

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Group Life Insurance Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OBEB plans, for public employer groups in the Commonwealth of Virginia.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

City of Lynchburg (Continued)

General Information about the Group Life Insurance Program (Continued)

Plan Description (Continued)

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the City were \$365,000 and \$303,902 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

At June 30, 2023, the City reported a liability of \$3,275,624 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the City's proportion was 0.27204% as compared to 0.27445% at June 30, 2021.

For the year ended June 30, 2023, the City recognized GLI OPEB expense of \$52,143. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

City of Lynchburg (Continued)

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

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 259,388	\$ 131,410
Net difference between projected and actual earnings on GLI OPEB program investments	-	204,678
Changes in Actuarial Assumptions	122,176	319,059
Changes in Proportionate Share	-	150,871
Employer contributions subsequent to the measurement date	365,000	-
Total	<u>\$ 746,564</u>	<u>\$ 806,018</u>

\$365,000 reported as deferred outflows of resources related to the GLI OPEB resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2024	\$ (106,419)
2025	(97,182)
2026	(195,067)
2027	4,271
2028	(30,057)
Thereafter	-

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

City of Lynchburg (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation:	
• Locality – General employees	3.50 – 5.35 %
• Locality – Hazardous Duty employees	3.50 – 4.75 %
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans.

Net OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	GLI OPEB Program
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	<u>2,467,989</u>
Employers' Net GLI OPEB Liability	<u><u>\$ 1,204,096</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

City of Lynchburg (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.83 %

- * The above allocation provides for a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11, including inflation of 2.50%.

Discount Rate

Aside from the Political Subdivision Plan(s) and Line of Duty Act denoted in the executive summary, a single discount rate of 6.75% was used to measure the total OPEB liability. This Single Discount Rate was based on the expected rate of return on OPEB plan investments of 6.75% and a long-term bond rate of 3.69%. The projection of cash flows (provided under separate cover) used to determine this single discount rate were based on the assumption that employer contributions will be made in amounts equal to the actuarially determined contribution. Based on these assumptions, the OPEB Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

City of Lynchburg (Continued)

Sensitivity of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Total GLI OPEB Liability	<u>\$ 4,766,416</u>	<u>\$ 3,275,624</u>	<u>\$ 2,070,860</u>

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://varetire.org/pdf/publications/2022-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2023 the City reported a payable of \$186,358 for the outstanding amount of contributions to VRS required for the year ended June 30, 2023.

Lynchburg City Schools

Plan Descriptions

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

Lynchburg City Schools (Continued)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the Schools General plan were \$24,540 and \$22,922 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the Group Life Insurance Program from the Schools Teachers plan were \$324,688 and \$302,430 for the years ended June 30, 2023 and June 30, 2022, respectively. In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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

At June 30, 2023, the Schools General plan reported a liability of \$236,086 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Schools General plan proportion was 0.02023% as compared to 0.01983% at June 30, 2021.

For the year ended June 30, 2023, the Schools General plan recognized GLI OPEB expense of \$4,893. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the Schools General plan reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,695	\$ 9,471
Changes in actuarial assumptions	8,805	22,996
Net difference between projected and actual earnings on GLI OPEB program investments	-	14,752
Changes in proportion	14,089	10,000
Employer contributions subsequent to the measurement date	24,540	-
Total	<u>\$ 66,129</u>	<u>\$ 57,219</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

Lynchburg City Schools (Continued)

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

\$24,540 reported as deferred outflows of resources related to the GLI OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	<u>Increase (Reduction) to OPEB Expense</u>
2024	\$ (5,467)
2025	(3,940)
2026	(9,454)
2027	4,100
2028	(869)
Thereafter	-

At June 30, 2023, the Schools Teachers plan reported a liability of \$3,116,968 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the Schools Teachers plan proportion was 0.26709% as compared to 0.26424% at June 30, 2021.

For the year ended June 30, 2023, the Schools Teachers plan recognized GLI OPEB expense of \$(4,084). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the Schools Teachers plan reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 246,824	\$ 125,045
Changes in actuarial assumptions	116,258	303,605
Net difference between projected and actual earnings on GLI OPEB program investments	32,512	271,478
Changes in proportion	-	194,764
Employer contributions subsequent to the measurement date	324,688	-
Total	<u>\$ 720,282</u>	<u>\$ 894,892</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

Lynchburg City Schools (Continued)

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

\$324,688 reported as deferred outflows of resources related to the GLI OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2024	\$ (152,986)
2025	(129,204)
2026	(201,202)
2027	987
2028	(16,893)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation:	
• Locality – General employees	3.50 – 5.35 %
• Teachers	3.50 – 5.95 %
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

Lynchburg City Schools (Continued)

Net OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	GLI OPEB Program
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	2,467,989
Employers' Net GLI OPEB Liability	<u>\$ 1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.71%	1.94%
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		<u>5.33%</u>
	Inflation		<u>2.50%</u>
	*Expected arithmetic nominal return		<u>7.83%</u>

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 15. Other Post-Employment Benefits – Group Life Insurance (Continued)

Lynchburg City Schools (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Total GLI OPEB Liability – General	<u>\$ 343,533</u>	<u>\$ 236,086</u>	<u>\$ 149,255</u>
Total GLI OPEB Liability – Teachers	<u>\$ 4,535,553</u>	<u>\$ 3,116,968</u>	<u>\$ 1,970,557</u>

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

At June 30, 2023 the School's General plan and Teachers plan reported payables of \$5,259 and \$72,983, respectively for the outstanding amount of contributions to VRS required for the year ended June 30, 2023.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 16. Other Post-Employment Benefits – Health Insurance Credit (HIC)

Lynchburg City Schools

Summary of Significant Accounting Policies

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Teacher Employee Health Insurance Credit Program

Plan Description

All full time, salaried permanent (professional) employees of public-school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit (HIC) Program. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Specific information about the Teacher HIC is available at
<https://www.varetire.org/retirees/insurance/healthinscredit/index.asp>

General Information about the General Employee Health Insurance Credit Program

Plan Description

The General Employee Health Insurance Credit Program (HIC) is available for all full time, salaried employees of local government entities other than teachers. The General Employee HIC provides all the same benefits as the Teacher HIC, except that this plan is considered a multi-employer agent plan.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 16. Other Post-Employment Benefits – Health Insurance Credit (HIC) (Continued)

Lynchburg City Schools (Continued)

General Information about the General Employee Health Insurance Credit Program (Continued)

Plan Description (Continued)

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

Inactive members or their beneficiaries currently receiving benefits	<u>54</u>
Inactive members:	
Vested inactive members	<u>2</u>
Total inactive members	56
Active members	<u>143</u>
Total covered employees	<u><u>199</u></u>

Contributions

The contribution requirement for active employees is governed by § 51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023, was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Teacher Employee Health Insurance Credit Program from the Schools were \$732,276 and \$701,169 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the General Employee Health Insurance Credit Program from the Schools were \$31,560 and \$27,351 for the years ended June 30, 2023 and June 30, 2022, respectively. In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

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

At June 30, 2023, the School's reported a liability of \$7,526,504 for its proportionate share of the Teacher Net HIC OPEB Liability. The Teacher Net HIC OPEB Liability was measured as of June 30, 2022 and the total HIC OPEB liability used to calculate the Net HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Teacher Net HIC OPEB Liability was based on the covered employer's actuarially determined employer contributions to the HIC Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the School's proportion was 0.62232% as compared to 0.61628% at June 30, 2021.

For the year ended June 30, 2023, the School's recognized Teacher HIC OPEB expense of \$421,340. Since there was a change in proportionate share between measurement dates, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 16. Other Post-Employment Benefits – Health Insurance Credit (HIC) (Continued)

Lynchburg City Schools (Continued)

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

At June 30, 2023, the School's reported deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 306,792
Changes in actuarial assumptions	219,888	19,220
Net difference between projected and actual earnings on HIC OPEB program investments	-	7,555
Changes in proportion	65,076	680,027
Employer contributions subsequent to the measurement date	732,276	-
Total	<u>\$ 1,017,240</u>	<u>\$ 1,013,594</u>

\$732,276 reported as deferred outflows of resources related to the Teacher HIC OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the Teacher Net HIC OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,	Reduction to OPEB Expense
2024	\$ (203,134)
2025	(190,837)
2026	(158,901)
2027	(85,468)
2028	(67,633)
Thereafter	(22,657)

At June 30, 2023, the School's reported deferred outflows of resources and deferred inflows of resources related to the General Employee HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 864	\$ 20,097
Changes in actuarial assumptions	7,918	-
Employer contributions subsequent to the measurement date	31,560	-
Total	<u>\$ 40,342</u>	<u>\$ 20,097</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 16. Other Post-Employment Benefits – Health Insurance Credit (HIC) (Continued)

Lynchburg City Schools (Continued)

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

\$31,560 reported as deferred outflows of resources related to the General Employee HIC OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	<u>Reduction to OPEB Expense</u>
2024	\$ (3,093)
2025	(3,093)
2026	(3,892)
2027	(1,237)
2028	-
Thereafter	-

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation:	
• Locality – General employees	3.50 – 5.35 %
• Locality – Teachers	3.50 – 5.95 %
Healthcare cost trend rates:	
• Under age 65	7.00 – 4.75%
• Ages 65 and older	5.25 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

Note 16. Other Post-Employment Benefits – Health Insurance Credit (HIC) (Continued)

Lynchburg City Schools (Continued)

Net OPEB Liability

The net OPEB liability (NOL) for the HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the HIC Program is as follows (amounts expressed in thousands):

	HIC OPEB Program
Total HIC OPEB Liability	\$ 1,470,891
Plan Fiduciary Net Position	<u>221,845</u>
Employers' Net HIC OPEB Liability	<u><u>\$ 1,249,046</u></u>
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	15.08%

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 16. Other Post-Employment Benefits – Health Insurance Credit (Continued)

Lynchburg City Schools (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00 %	5.71 %	1.94 %
Fixed Income	15.00	2.04	0.31
Credit Strategies	14.00	4.78	0.67
Real Assets	14.00	4.47	0.63
Private Equity	14.00	9.73	1.36
MAPS – Multi-Asset Public Strategies	6.00	3.73	0.22
PIP – Private Investment Partnership	3.00	6.55	0.20
Total	100.00 %		5.33 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.83 %

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance 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, 2022, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 16. Other Post-Employment Benefits – Health Insurance Credit (Continued)

Lynchburg City Schools (Continued)

Changes in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at June 30, 2021	\$ 338,371	\$ 28,748	\$ 309,623
Changes for the year:			
Service cost	5,394	-	5,394
Interest	22,841	-	22,841
Differences between expected and actual experience	(26,006)	-	(26,006)
Changes of assumptions	5,655	-	5,655
Contributions – employer	-	27,266	(27,266)
Net investment income	-	(480)	480
Benefit payments	(8,625)	(8,625)	-
Administrative expenses	-	(94)	94
Other changes	-	1,305	(1,305)
Net changes	(741)	19,372	(20,113)
Balances at June 30, 2022	\$ 337,630	\$ 48,120	\$ 289,510

In addition, for the year ended June 30, 2022, the School's recognized OPEB expense of \$22,334 related to the General Employee Health Insurance Credit Program.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Teacher HIC Net OPEB Liability	\$ 8,482,457	\$ 7,526,504	\$ 6,716,168
General Employee HIC Net OPEB Liability	\$ 319,539	\$ 289,510	\$ 263,649

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 16. Other Post-Employment Benefits – Health Insurance Credit (Continued)

Lynchburg City Schools (Continued)

Health Insurance Credit Program Fiduciary Net Position

Detailed information about the Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS HIC OPEB Plan

At June 30, 2023 the School's reported a payable of \$65,904 and \$2,708 for the outstanding amount of contributions to VRS required for the year ended June 30, 2023 for the Teachers and General Employee HIC, respectively.

Note 17. Other Post-Employment Benefits – Line of Duty Act (LODA)

City of Lynchburg

General Information about the Line of Duty Act

Plan Description

The City of Lynchburg is a non-participating employer of the State's Line of Duty Act (LODA), and therefore directly funds the cost of benefits provided under LODA in a single-employer plan. Public safety employees and volunteers of the City who are disabled or killed in the line of duty and their eligible family members are eligible.

Benefits Provided

The City pays the LODA Health Benefit Plans premiums for any claimant and/or eligible spouse and family members to the Department of Health Resources and Management (DHRM), Virginia; pays death benefit of \$100,000 to eligible family members if death occurs as a direct result of performing duty (amount may vary for other causes of death) and funeral benefits (if requested); any administrative fees associated with the LODA claims and retroactive health insurance premium reimbursements, if applicable. Effective July 1, 2017, benefits are not covered upon eligibility for Medicare due to age, income greater than pre-disability income, surviving spouses who remarry. Existing participants with a death or disability eligibility date prior to July 1, 2017 and current/existing spouses who remarry prior to July 1, 2017 are grandfathered.

Membership

The number of participants as of the most recent valuation, January 1, 2022, was as follows:

Actives	330
Disabled Participants/Dependents	<u>27</u>
Total Participants	<u><u>357</u></u>

Total OPEB Liability

The City's total OPEB liability of \$5,883,390 was measured as of June 30, 2023, and was determined by an actuarial valuation as of January 1, 2022.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 17. Other Post-Employment Benefits – Line of Duty Act (LODA) (Continued)

City of Lynchburg (Continued)

General Information about the Line of Duty Act (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2022, using a Healthcare Trend: 6.00% initially, grading down to 4.25% ultimate. Mortality rates were RPH2014 for Males and Females base year 2000 projected to 2020 with Scale SSA. The Entry Age method is used for accounting/GASB purposes.

Changes in OPEB Liability

Total OPEB Liability	2023
Service Cost	\$ 195,364
Interest	221,043
Changes in assumptions	(139,056)
Benefit payments	(374,427)
Net Change in Total OPEB Liability	(97,076)
Total OPEB Liability – Beginning of Year	5,980,466
Total OPEB Liability – End of Year	<u>\$ 5,883,390</u>

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

The following presents the net OPEB liability of the plans, calculated using the discount rate of 3.87%, as well as what each plan's net OPEB liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease (2.87%)	Current Discount Rate (3.87%)	1.00% Increase (4.87%)
Total OPEB Liability	\$ 6,774,254	\$ 5,883,390	\$ 5,167,314
Net OPEB Liability	<u>\$ 6,774,254</u>	<u>\$ 5,883,390</u>	<u>\$ 5,167,314</u>
Ratio of Plan Net Position to Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 17. Other Post-Employment Benefits – Line of Duty Act (LODA) (Continued)

City of Lynchburg (Continued)

General Information about the Line of Duty Act (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the plans, calculated using the healthcare cost trend rate of from 6.00% to an ultimate rate of 4.25%, as well as what each plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1.00% lower or 1.00% higher than the current rate:

	1.00% Decrease (3.25%)	Current Ultimate Trend Rate (4.25%)	1.00% Increase (5.25%)
Total OPEB Liability	\$ 5,103,168	\$ 5,883,390	\$ 6,854,446
Net OPEB Liability	<u>\$ 5,103,168</u>	<u>\$ 5,883,390</u>	<u>\$ 6,854,446</u>
Ratio of Plan Net Position to Total OPEB Liability	0.0%	0.0%	0.0%

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$141,359. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,383,840
Change in actuarial assumptions	1,270,063	1,078,257
Total	<u>\$ 1,270,063</u>	<u>\$ 3,462,097</u>

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

Year ended June 30,	Net Amount of Inflow
2024	\$ (275,048)
2025	(275,047)
2026	(365,707)
2027	(365,707)
2028	(365,707)
After 2028	<u>(544,818)</u>
Total Amount to be Recognized	<u>\$ (2,192,034)</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements

As of June 30, 2023

Note 18. Summary of Other Postemployment Benefit Elements

A summary of other postemployment benefit (“OPEB”) financial statement elements are as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources – OPEB			
OPEB contributions subsequent to measurement date			
Group life insurance	\$ 318,461	\$ 46,539	\$ 365,000
OPEB Diff between expected and actual experience			
Group life insurance	226,316	33,072	259,388
OPEB Changes of assumptions			
Group life insurance	106,598	15,578	122,176
Health	3,965,872	597,848	4,563,720
Line of duty	1,270,063	-	1,270,063
Total deferred outflow of resources - OPEB	<u>\$ 5,887,310</u>	<u>\$ 693,037</u>	<u>\$ 6,580,347</u>
Net OPEB liability			
Group life insurance	\$ 2,857,982	\$ 417,642	\$ 3,275,624
Health - Local plan	32,518,453	4,902,091	37,420,544
Line of duty	5,883,390	-	5,883,390
Total net OPEB liability	<u>\$ 41,259,825</u>	<u>\$ 5,319,733</u>	<u>\$ 46,579,558</u>
Deferred inflows of resources - OPEB			
Difference between expected and actual experience			
Group life insurance	\$ 114,655	\$ 16,755	\$ 131,410
Health - Local plan	20,635,355	3,110,738	23,746,093
Line of duty	2,383,840	-	2,383,840
Difference between projected and actual investment earnings			
Group life insurance	178,582	26,096	204,678
Change of assumptions			
Group life insurance	278,379	40,680	319,059
Health - Local plan	5,276,855	795,476	6,072,331
Line of duty	1,078,257	-	1,078,257
Change in proportionate share			
Group life insurance	131,634	19,237	150,871
Total deferred inflow of resources - OPEB	<u>\$ 30,077,557</u>	<u>\$ 4,008,982</u>	<u>\$ 34,086,539</u>
OPEB expense			
Health - Local plan	\$ (5,378,752)	\$ (986,635)	\$ (6,365,387)
VRS GLI	45,495	6,648	52,143
Line of duty	141,359	-	141,359
Total OPEB expense	<u>\$ (5,191,898)</u>	<u>\$ (979,987)</u>	<u>\$ (6,171,885)</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 18. Summary of Other Postemployment Benefit Elements (Continued)

A summary of other postemployment benefit (“OPEB”) financial statement elements are as follows:

	Component Unit School Board
Deferred outflows of resources:	
Difference between expected and actual experience	
Local OPEB	\$ 576,463
GLI – general employees	18,695
GLI – teachers	246,824
HIC – general employees	864
Changes in assumptions	
Local OPEB	591,153
GLI – general employees	8,805
GLI – teachers	116,258
HIC – general employees	7,918
HIC – teachers	219,888
Changes in proportion and related differences – cost sharing plans	
GLI – general employees	14,089
HIC – teachers	65,076
OPEB plan investments	
GLI – teachers	32,512
OPEB contributions subsequent to measurement date	
Local OPEB	98,566
GLI – general employees	24,540
GLI – teachers	324,688
HIC – general employees	31,560
HIC – teachers	732,276
	<u>\$ 3,110,175</u>
Net OPEB liability	
Local OPEB	\$ 8,096,672
GLI – general employees	236,086
GLI – teachers	3,116,968
HIC – general employees	289,510
HIC – teachers	7,526,504
	<u>\$ 19,265,740</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 18. Summary of Other Postemployment Benefit Elements (Continued)

A summary of other postemployment benefit (“OPEB”) financial statement elements are as follows:

	Component Unit School Board
Deferred inflows of resources:	
Difference between expected and actual experience	
Local OPEB	\$ 4,741,104
GLI – general employees	9,471
GLI – teachers	125,045
HIC – general employees	20,097
HIC – teachers	306,792
Difference between projected and actual earnings on OPEB plan investments	
GLI – general employees	14,752
GLI – teachers	271,478
HIC – teachers	7,555
Changes in assumptions	
Local OPEB	113,996
GLI – general employees	22,996
GLI – teachers	303,605
HIC – teachers	19,220
Changes in proportion and related differences – cost sharing plans	
GLI – general employees	10,000
GLI – teachers	194,764
HIC – teachers	680,027
	<hr/>
	\$ 6,840,902
	<hr/>
Net OPEB expense (benefit)	
Local OPEB	\$ 356,927
GLI – general employees	4,893
GLI – teachers	(4,804)
HIC – general employees	22,334
HIC – teachers	421,340
	<hr/>
	\$ 800,690
	<hr/>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 19. Leases

Primary Government:

Lessee:

For the year ended June 30, 2022, the financial statements included the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model of lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. For additional information, refer to the disclosures below.

Governmental Activities:

The City has fifty-one (51) leases as lessee for the use of copiers and a postage meter. As of June 30, 2023, the value of the lease liability is \$112,773. The City is required to make fixed monthly or quarterly payments ranging between \$17 and \$788; totaling approximately \$116,627 per year. The leases have an interest rate of 0.3710% to 3.3050%. The value of the right to use asset as of June 30, 2023 is \$221,845 with accumulated amortization of \$109,620 for a net book value of \$112,225.

The City has four (4) leases as lessee for the use of infrastructure and buildings. As of June 30, 2023, the value of the lease liability is \$2,498,560. The City is required to make fixed monthly, annual, and quarterly payments ranging between \$561 and \$36,688; totaling approximately \$129,307 per year. The leases have an interest rate of 0.5140% to 2.5830%. The value of the right to use asset as of June 30, 2023 is \$2,615,234 with accumulated amortization of \$145,392 for a net book value of \$2,469,842.

Business-type Activities:

The City has four (4) leases as lessee for the use of copiers. As of June 30, 2023, the value of the lease liability is \$27,677. The City is required to make fixed monthly and annual payments ranging between \$98 and \$4,916; totaling approximately \$11,535 per year. The leases have an interest rate of 0.3870% to 2.3660%. The value of the right to use asset as of June 30, 2023 is \$33,567 with accumulated amortization of \$5,097 for a net book value of \$28,470.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 19. Leases (Continued)

Primary Government: (Continued)

Lessee: (Continued)

Lessee Principal and Interest Requirements to Maturity:

Year Ending June 30	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 103,182	\$ 64,780	\$ 167,962
2025	50,104	63,710	113,814
2026	38,849	62,809	101,658
2027	28,149	62,047	90,196
2028	19,014	61,517	80,531
2029 - 2033	99,759	300,776	400,535
2034 - 2038	80,562	289,679	370,241
2039 - 2043	87,786	279,089	366,875
2044 - 2048	99,805	267,070	366,875
2049 - 2053	113,471	253,404	366,875
2054 - 2058	129,007	237,868	366,875
2059 - 2063	146,671	220,204	366,875
2064 - 2068	166,753	200,122	366,875
2069 - 2073	189,585	177,290	366,875
2074 - 2078	215,543	151,332	366,875
2079 - 2083	245,055	121,820	366,875
2084 - 2088	278,608	88,267	366,875
2089 - 2093	316,755	50,120	366,875
2094 - 2096	202,675	9,617	212,292
	<u>\$ 2,611,333</u>	<u>\$ 2,961,521</u>	<u>\$ 5,572,854</u>

Year Ending June 30	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 5,483	\$ 471	\$ 5,954
2025	6,605	357	6,962
2026	6,721	240	6,961
2027	6,840	122	6,962
2028	2,028	1	2,029
	<u>\$ 27,677</u>	<u>\$ 1,191</u>	<u>\$ 28,868</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 19. Leases (Continued)

Primary Government: (Continued)

Lessor:

For the year ended June 30, 2022, the financial statements included the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model of lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

Governmental Activities:

The City has eight (8) leases as lessor, with a time frame of 36 to 349 months. As of June 30, 2023, the value of the lease receivable is \$1,285,481. The lessee is required to make either annual or monthly fixed payments ranging from \$1,000 to \$37,316; totaling approximately \$213,605 per year. The leases have an interest rate of 0.7270% to 2.5630%. The value of the deferred inflow of resources as of June 30, 2023 was \$1,256,272, and the City recognized lease revenue of \$166,974 during the fiscal year.

Business-type Activities:

The City has four (4) leases as lessor, with a time frame of 71 to 144 months. As of June 30, 2023, the value of the lease receivable is \$86,139. The lessee is required to make an annual fixed payment ranging from \$100 to \$10,350; totaling approximately \$14,438 per year. The leases have an interest rate of 0.5140% to 3.3310%. The value of the deferred inflow of resources as of June 30, 2023 was \$84,626, and the City recognized lease revenue of \$14,002 during the fiscal year.

Note 20. Risk Management

The Risk Management Programs of the City are as follows:

Workers' Compensation: The City is self-insured for workers' compensation claims. All settled claims are paid through the General Fund and then charged to the Proprietary funds as appropriate. The liability for worker's compensation claims, including an estimate of incurred but not reported claims based on prior experience, to be paid in the next fiscal year and in future years is reflected in the statement of net position. Total claims paid for the year ended June 30, 2023 amounted to \$1,088,727.

General Liability and Other: The City is contingently liable with respect to lawsuits and other claims that arise in the normal course of operations. The City is self-insured for general liability and automobile liability claims and purchases insurance coverage for risks related to property, boiler and machinery, surety bonds, and airport liability. City property is insured up to a limit of approximately \$534 million per occurrence. Other liability policies provide up to \$60,000,000 coverage in the aggregate. Police professional liability and public officials' liability claims with a \$500,000 deductible per claim are covered through a policy with the Virginia Association of Counties Group Self-Insurance Risk Pool (VaCorp). Total premiums for purchased coverage for the year ended June 30 were \$1,040,774. The City has designated a portion of its fund balance in the General Fund to fund future general liability claims. City management believes any incurred but not reported claims at June 30 would be insignificant.

Healthcare: The City's professionally administered self-insurance program provides healthcare coverage for employees and retirees of the City on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the City. Under the program, the City is obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$400,000 per covered individual per contract year. Included in accrued payroll related liabilities for the year ended June 30 were claims payables of \$500,000. Administrative fees, Affordable Care Act fees, and stop loss premiums for the year ended June 30 totaled \$1,176,182.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 20. Risk Management (Continued)

Changes in aggregate liabilities were as follows:

			Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Workers' Compensation	2023	\$	2,507,766	\$ 1,714,093	\$ 1,088,727	\$ 3,133,132
	2022	\$	2,674,812	\$ 1,109,279	\$ 1,276,325	\$ 2,507,766
General/Automotive Liability	2023	\$	-	\$ 352,826	\$ 352,826	\$ -
	2022	\$	-	\$ 477,239	\$ 477,239	\$ -
Healthcare	2023	\$	550,000	\$ 14,337,209	\$ 14,387,209	\$ 500,000
	2022	\$	500,000	\$ 13,250,344	\$ 13,200,344	\$ 550,000

General/Automobile Liability and Healthcare are considered current liabilities and are included in accounts payable and accrued liabilities in the Statement of Net Position. The Workers' Compensation breakdown between current and noncurrent is shown in Note 9.

The Risk Management Programs of the Schools are as follows:

Workers' Compensation: The Schools is a member of the School System of Virginia for its workers' compensation claims. The membership is funded through the school operating budget.

General Liability and Other: The Schools carry commercial insurance for all risk of loss. Settled claims have not exceeded commercial insurance coverage and there have not been any significant reductions in insurance coverage over the previous year.

Healthcare: The Schools' professionally administered self-insurance program provides healthcare coverage for employees and retirees of the Schools on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the Schools. Under the program, the Schools are obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$400,000 per covered individual per contract year. Total claims expense of \$13,235,507 was incurred in the current year, and there were no claims above the per individual limit that would have been covered by the stop loss policy. Administrative fees, affordable care act fees, and stop loss premiums for the current year totaled \$1,212,446. Estimated incurred, but not reported, claims at June 30 based on prior experience totaled \$652,186 and have been recorded as a liability by the Schools and is included with accrued payroll and related liabilities on the statement of net position.

Changes in aggregate liabilities were as follows:

			Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Healthcare	2023	\$	375,265	\$ 13,235,507	\$ 12,958,586	\$ 652,186
	2022	\$	1,058,126	\$ 11,438,677	\$ 12,121,538	\$ 375,265

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 21. Significant Transactions of the City and Discretely Presented Component Unit – Schools

Certain transactions between the City and Schools are explained here to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

1. The Schools can neither levy taxes nor incur debt under Virginia law. Therefore, the City issues debt “on behalf” of the Schools. The debt obligation is recorded as a liability of the City’s governmental activities. The proceeds from such debt are recorded in the City’s General Fund. Funding in an amount equal to the proceeds is then provided to the Schools to pay for capital expenditures. Unspent funds at year-end are reported as deposits and investments of the City in the School Capital Projects Fund.
2. The City’s budgeting process provides funding in the General Fund for Schools debt service payments. GAAP requires that debt issued “on behalf” of the Schools and related debt service payments be reported by the City for financial reporting purposes. Therefore, debt service payments for Schools’ bonded debt is reported as part of the City for financial reporting purposes in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Debt and related debt service for other than bonded debt is reported by the Schools.
3. If all economic resources associated with school activities were reported with the Schools, its total expenses/expenditures would be as follows:

Expenses of Schools – Component Unit (Exhibit 2)	\$ 129,977,293
Principal and other debt service expenses included in City	<u>13,278,072</u>
Total expenses/expenditures for School activities	<u>\$ 143,255,365</u>

Note 22. Commitments and Contingencies

Combined Sewer Overflow (CSO):

In 1994, the Virginia Department of Environmental Quality (VDEQ) issued a voluntary Consent Special Order to the City to address its combined sewers. That Consent Special Order required the City to implement a CSO Long-Term Control Plan and to undertake certain combined sewer management practices designed to minimize CSO discharge until the sewer system was completely separated. The order established a project priority listing for implementation of the CSO control plan.

On July 31, 2015 VDEQ issued a revised Consent Special Order which significantly changed the CSO Long-Term Control Plan. The revised plan includes an alternate list of new projects designed to integrate the CSO program with overarching water quality standards that encompass both CSO and stormwater management impacts. As of June 30, 2023, the revised program has an estimated remaining cost \$120 million.

The new Consent Special Order does not contain a strict compliance schedule for implementing the CSO Long-Term Control Plan, but rather provides for implementation based on criteria reflecting the limits of the City’s financial capability. The current Consent Special Order requires the City to meet several specific criteria such as: maintain a sewer operating fund debt coverage ratio within a range of 1.1 to 1.5 computed on a rolling three year average; ensure sewer fund reserves equal no more than 40 percent of the subsequent years’ budgeted operating expenditures; and at least every other year adjust sewer rates and fees so that the annual sewer billing for a residential customer equals or exceeds 1.25% of the median household income (MHI) based on 7 hcf (hundred cubic feet) of use per month. The City has successfully implemented its CSO Long-Term Control Plan since 1994 in accordance with the requirements of its permit and Special Orders of Consent with one exception. After City Council passed a significant rate increase effective July 1, 2022 to meet the 1.25% MHI requirement, actual inflation and actual MHI outpaced projections. City Council passed another significant rate increase effective July 1, 2023. City is currently compliant with the 1.25% MHI requirement. The City is also required by the current Special Order of Consent to submit an annual report by December 10 of each year to VDEQ on its compliance with the order and its progress with the CSO Long-Term Control Plan implementation. The report includes a review of the required financial targets by an independent consultant.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 22. Commitments and Contingencies (Continued)

Grant Programs:

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as to being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, related to such audits would not be material to the financial position of the City at June 30, 2023.

Arbitrage:

The City has certain debt instruments subject to arbitrage regulations. As of June 30, 2023, the arbitrage rebate liability estimate was zero.

Encumbrance Commitments:

The City had the following outstanding encumbrances as of June 30.

MAJOR FUNDS

General Fund	\$ 4,851,174
City Capital Projects Fund	52,705,425
School Capital Projects	<u>2,314,502</u>
Total Major Funds	<u>59,871,101</u>

NONMAJOR FUNDS

City Federal State Aid	548,882
Lynchburg Regional Juvenile Detention Center	<u>11,201</u>
Total Nonmajor Funds	<u>560,083</u>

TOTAL ENCUMBRANCES	<u><u>\$ 60,431,184</u></u>
---------------------------	------------------------------------

Construction Commitments:

Included in the encumbrances above are construction commitments of \$52,705,425 in the City Capital Projects fund and \$2,314,502 in the School Capital Projects fund. The City also had construction commitments of \$5,848,565 in the Water fund; \$6,661,961 in the Sewer fund; \$1,356,092 in the Stormwater Fund; and \$2,601,368 in the Airport fund as of June 30, 2023.

Note 23. Tax Abatements

The City provides tax abatements through Economic Development for two grants. The grants are provided to local developers through the Lynchburg Economic Development Authority (LEDA). To qualify for the grant, local developers must complete projects that promote economic development within the City. The projects must generate additional tax revenue; as well as create new jobs, and services that will benefit the City. Performance agreements between the City, the developer, and LEDA are approved by City Council. Local taxes collected from the businesses located in these developments are used to fund the grants. The applicable taxes include real estate, business personal property, business license, sales and use, meals, and lodging tax. Total taxes abated for the two grants during FY2023 were \$962,423.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2023

Note 23. Tax Abatements (Continued)

The maximum total tax abatements, over a fifteen-year period, for the two current grants is \$3,000,000 for a conduit loan by the LEDA and \$5,879,794 for reimbursement of the cost to construct a road in a mixed-use development.

The City has real estate tax abatement agreements with individuals and businesses who have renovated property within City limits in accordance with the City Code. The abatement is available for an existing residential structure, which is no less than fifty years of age, and which has been improved as to increase the assessed value of the structure by no less than forty percent. For multifamily (five units or more), commercial, or industrial real estate; the abatement is for a substantially rehabilitated or renovated structure which is no less than twenty-five years of age, and which has been so improved as to increase the assessed value of the structure by no less than sixty percent. The tax exemption is effective for a period of up to ten years for any completed approved rehabilitation/renovation during the preceding fiscal year. Currently, the total active real estate rehabilitation credits are \$152,999,651 on a total of 483 parcels equating to \$1,698,296 in real estate tax.

Note 24. New Accounting Standards

In April 2022, the GASB issued **Statement No. 99, Omnibus 2022**. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100, Accounting Changes and Error Corrections**. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued **Statement No. 101, Compensated Absences**. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

Required Supplementary Information
Primary Government
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2023

	Plan Year								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	\$ 6,203,323	\$ 6,349,597	\$ 6,346,042	\$ 6,432,589	\$ 6,654,862	\$ 6,625,713	\$ 6,986,017	\$ 7,087,893	\$ 6,786,710
Interest on total pension liability	22,279,728	22,979,376	23,599,711	24,063,948	24,449,704	25,140,219	25,463,249	25,997,865	27,758,411
Difference between expected and actual experience	-	(1,322,839)	(3,091,281)	(5,899,588)	120,722	(2,629,680)	(1,859,042)	(6,001,569)	(5,754,737)
Changes in assumptions	-	-	-	2,149,134	-	10,427,997	-	16,038,052	-
Benefit payments, including refunds of employee contributions	(18,346,084)	(18,630,099)	(19,658,299)	(20,786,742)	(21,683,819)	(21,037,746)	(21,916,092)	(23,423,878)	(24,229,710)
Net change in total pension liability	10,136,967	9,376,035	7,196,173	5,959,341	9,541,469	18,526,503	8,674,132	19,698,363	4,560,674
Total pension liability - beginning	327,454,876	337,591,843	346,967,878	354,164,051	360,123,392	369,664,861	388,191,364	396,865,496	416,563,859
Total pension liability - ending	337,591,843	346,967,878	354,164,051	360,123,392	369,664,861	388,191,364	396,865,496	416,563,859	421,124,533
Plan Fiduciary Net Position									
Contributions - employer	10,482,447	10,640,498	10,888,855	9,920,997	10,083,118	10,150,416	10,510,166	10,801,810	11,256,065
Contributions - employee	2,545,602	2,623,103	2,647,107	2,766,837	2,676,472	2,655,886	2,783,330	2,717,344	2,889,376
Net investment income	32,917,551	10,830,296	4,079,524	28,939,509	19,156,055	17,849,423	5,343,056	74,989,208	(244,636)
Benefit payments, including refunds of employee contribution:	(18,346,084)	(18,630,099)	(19,658,299)	(20,786,742)	(21,683,819)	(21,037,746)	(21,916,092)	(23,423,878)	(24,229,710)
Administrative expenses	(180,075)	(151,038)	(152,831)	(171,345)	(169,088)	(180,734)	(184,881)	(190,993)	(214,575)
Other	1,737	(2,273)	(1,774)	(25,640)	(16,908)	(11,250)	(7,513)	7,042	7,818
Net change in plan fiduciary net position	27,421,178	5,310,487	(2,197,418)	20,643,616	10,045,830	9,425,995	(3,471,934)	64,900,533	(10,535,662)
Plan fiduciary net position - beginning	211,183,720	238,604,898	243,915,385	241,717,967	262,361,583	272,407,413	281,833,408	278,361,474	343,262,007
Plan fiduciary net position - ending	238,604,898	243,915,385	241,717,967	262,361,583	272,407,413	281,833,408	278,361,474	343,262,007	332,726,345
Net pension liability - ending	\$ 98,986,945	\$ 103,052,493	\$ 112,446,084	\$ 97,761,809	\$ 97,257,448	\$ 106,357,956	\$ 118,504,022	\$ 73,301,852	\$ 88,398,188
Plan fiduciary net position as a percentage of total pension liability	71%	70%	68%	73%	74%	73%	70%	82%	79%
Covered payroll	\$ 49,759,064	\$ 50,441,350	\$ 51,326,626	\$ 52,930,961	\$ 54,235,867	\$ 54,656,679	\$ 56,091,908	\$ 57,485,897	\$ 55,542,571
Net pension liability as a percentage of covered payroll	199%	204%	219%	185%	179%	195%	211%	128%	159%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report. This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, only nine years of data is available. Additional years will be included as they become available.

Required Supplementary Information

Schools - Non Professional Employees

Schedule of Changes in Net Pension Liability and Related Ratios

For the Year Ended June 30, 2023

	2014	2015	2016	2017	Plan Year 2018	2019	2020	2021	2022
Total Pension Liability									
Service cost	\$ 408,027	\$ 408,652	\$ 390,047	\$ 388,263	\$ 369,905	\$ 363,374	\$ 386,485	\$ 373,612	\$ 368,960
Interest on total pension liability	935,168	975,621	1,013,096	1,012,802	1,013,987	1,047,533	1,048,986	1,113,455	1,201,099
Difference between expected and actual experience	-	(47,318)	(601,120)	(438,840)	(45,578)	(326,795)	486,898	(66,595)	(492,204)
Changes in assumptions	-	-	-	(126,476)	-	397,376	-	495,368	-
Benefit payments, including refunds of employee contributions	(736,082)	(794,492)	(808,719)	(803,718)	(833,932)	(884,234)	(927,192)	(1,007,349)	(965,408)
Net change in total pension liability	607,113	542,463	(6,696)	32,031	504,382	597,254	995,177	908,491	112,447
Total pension liability - beginning	13,727,582	14,334,695	14,877,158	14,870,462	14,902,493	15,406,875	16,004,129	16,999,306	17,907,797
Total pension liability - ending	14,334,695	14,877,158	14,870,462	14,902,493	15,406,875	16,004,129	16,999,306	17,907,797	18,020,244
Plan Fiduciary Net Position									
Contributions - employer	382,008	327,719	332,290	228,134	229,132	179,891	192,366	211,631	225,247
Contributions - employee	192,487	183,717	185,375	182,067	183,766	174,448	188,186	190,176	202,816
Net investment income	1,844,193	609,217	236,379	1,651,561	1,096,860	1,024,271	306,074	4,271,921	(14,982)
Benefit payments, including refunds of employee contributions	(736,082)	(794,492)	(808,719)	(803,718)	(833,932)	(884,234)	(927,192)	(1,007,349)	(965,408)
Administrative expenses	(9,987)	(8,505)	(8,626)	(9,732)	(9,621)	(10,452)	(10,658)	(10,929)	(12,221)
Other	98	(127)	(101)	(1,460)	(969)	(642)	(357)	400	(1,084)
Net change in plan fiduciary net position	1,672,717	317,529	(63,402)	1,246,852	665,236	483,282	(251,581)	3,655,850	(565,632)
Plan fiduciary net position - beginning	11,769,997	13,442,714	13,760,243	13,696,841	14,943,693	15,608,929	16,092,211	15,840,630	19,496,480
Plan fiduciary net position - ending	13,442,714	13,760,243	13,696,841	14,943,693	15,608,929	16,092,211	15,840,630	19,496,480	18,930,848
Net pension liability - ending	\$ 891,981	\$ 1,116,915	\$ 1,173,621	\$ (41,200)	\$ (202,054)	\$ (88,082)	\$ 1,158,676	\$ (1,588,683)	\$ (910,604)
Plan fiduciary net position as a percentage of total pension liability	94%	92%	92%	100%	101%	101%	93%	109%	105%
Covered payroll	\$ 3,851,034	\$ 3,727,782	\$ 3,613,671	\$ 3,593,865	\$ 3,654,690	\$ 3,837,637	\$ 3,971,969	\$ 4,080,952	\$ 4,399,742
Net pension liability as a percentage of covered payroll	23%	30%	32%	-1%	-6%	-2%	29%	-39%	-21%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report. This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

Required Supplementary Information
Schedule of Pension Contributions
For the Year Ended June 30, 2023

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2023	\$ 14,240,279	\$ 14,240,279	\$ -	\$ 58,884,988	24.18%
2022	\$ 11,141,125	\$ 11,141,125	\$ -	\$ 55,542,571	20.06%
2021	\$ 11,088,357	\$ 11,088,357	\$ -	\$ 57,485,897	19.29%
2020	\$ 10,870,219	\$ 10,870,219	\$ -	\$ 56,091,908	19.38%
2019	\$ 10,377,528	\$ 10,377,528	\$ -	\$ 54,656,679	18.99%
2018	\$ 10,288,625	\$ 10,288,625	\$ -	\$ 54,235,867	18.97%
2017	\$ 9,920,997	\$ 9,920,997	\$ -	\$ 52,930,961	18.74%
2016	\$ 10,951,053	\$ 10,951,053	\$ -	\$ 51,326,626	21.34%
2015	\$ 10,728,502	\$ 10,728,502	\$ -	\$ 50,441,350	21.27%
Schools - Nonprofessional Employees					
2023	\$ 186,799	\$ 186,799	\$ -	\$ 4,723,819	3.95%
2022	\$ 225,247	\$ 225,247	\$ -	\$ 4,399,742	5.12%
2021	\$ 211,631	\$ 211,631	\$ -	\$ 4,080,952	5.19%
2020	\$ 192,396	\$ 192,396	\$ -	\$ 3,971,969	4.84%
2019	\$ 179,891	\$ 179,891	\$ -	\$ 3,837,637	4.69%
2018	\$ 229,094	\$ 229,094	\$ -	\$ 3,654,691	6.27%
2017	\$ 235,433	\$ 235,433	\$ -	\$ 3,593,865	6.55%
2016	\$ 340,611	\$ 340,611	\$ -	\$ 3,613,671	9.43%
2015	\$ 330,294	\$ 330,294	\$ -	\$ 3,727,782	8.86%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only nine years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

The Notes to Required Supplementary Information are an integral part of this statement.

Required Supplementary Information**Schedule of Employer's Share of Net Pension Liability****VRS Teacher Retirement Plan****For the Year Ended June 30, 2023**

School Division	Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	2023	0.62%	\$ 58,868,718	\$ 57,947,892	101.59%	82.61%
	2022	0.61%	\$ 47,405,591	\$ 54,503,957	86.98%	85.46%
	2021	0.64%	\$ 92,940,347	\$ 56,477,224	164.56%	71.47%
	2020	0.65%	\$ 82,501,054	\$ 51,957,981	158.78%	73.51%
	2019	0.69%	\$ 80,732,000	\$ 53,894,780	149.80%	74.81%
	2018	0.71%	\$ 87,249,000	\$ 53,942,322	161.74%	72.92%
	2017	0.73%	\$ 102,102,000	\$ 50,669,701	201.51%	68.28%
	2016	0.71%	\$ 88,962,000	\$ 51,468,623	172.85%	70.68%
	2015	0.70%	\$ 84,602,000	\$ 51,468,623	164.38%	70.88%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only nine years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the School Division's fiscal year.

Required Supplementary Information**Schedule of Pension Contributions****VRS Teacher Retirement Plan****For the Year Ended June 30, 2023**

School Division Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 9,822,234	\$ 9,822,234	\$ -	\$ 62,501,211	15.72%
2022	\$ 9,161,578	\$ 9,161,578	\$ -	\$ 57,947,892	15.81%
2021	\$ 8,629,023	\$ 8,629,023	\$ -	\$ 54,503,957	15.83%
2020	\$ 8,469,585	\$ 8,469,585	\$ -	\$ 56,477,224	15.00%
2019	\$ 8,313,426	\$ 8,313,426	\$ -	\$ 51,957,981	16.00%
2018	\$ 8,869,387	\$ 8,869,387	\$ -	\$ 53,894,780	16.46%
2017	\$ 8,261,471	\$ 8,261,471	\$ -	\$ 53,942,322	15.32%
2016	\$ 7,972,259	\$ 7,972,259	\$ -	\$ 50,669,701	15.73%
2015	\$ 7,458,200	\$ 7,458,200	\$ -	\$ 51,468,623	14.49%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only nine years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the school division's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Required Supplementary Information

Primary Government

Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios

For the Year Ended June 30, 2023

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Total OPEB Liability						
Service cost	\$ 350,020	\$ 360,521	\$ 371,336	\$ 356,717	\$ 367,419	\$ 258,665
Interest on OPEB liability	3,559,674	2,771,030	2,600,222	1,148,518	930,937	1,412,267
Difference between expected and actual experience	(24,181,307)	-	(38,403,363)	-	(1,453,248)	-
Changes in assumptions	(697,398)	5,999,406	2,100,461	2,879,001	(7,077,885)	(759,186)
Benefit payments, including refunds of member contributions	(2,632,827)	(2,333,984)	(2,898,368)	(2,796,080)	(2,774,048)	(2,983,684)
Net change in total OPEB liability	(23,601,838)	6,796,973	(36,229,712)	1,588,156	(10,006,825)	(2,071,938)
Total OPEB liability - beginning	100,945,728	77,343,890	84,140,863	47,911,151	49,499,307	39,492,482
Total OPEB liability - ending	\$ 77,343,890	\$ 84,140,863	\$ 47,911,151	\$ 49,499,307	\$ 39,492,482	\$ 37,420,544
Covered employee payroll	\$ 55,870,874	\$ 60,897,864	\$ 63,032,343	\$ 64,452,592	\$ 68,360,485	\$ 75,162,775
Net OPEB liability as a percentage of covered employee payroll	138.4%	138.2%	76.0%	76.8%	57.8%	49.8%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Required Supplementary Information

Lynchburg City Schools

Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios

For the Year Ended June 30, 2023

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Total OPEB Liability						
Service cost	\$ 629,101	\$ 523,630	\$ 858,868	\$ 956,878	\$ 890,149	\$ 944,891
Interest on OPEB liability	271,525	253,909	424,127	437,213	213,079	233,096
Difference between expected and actual experience	(2,319,827)	3,458,793	-	(4,301,568)	-	(2,663,577)
Changes in assumptions	(638,060)	(310,331)	439,283	323,568	305,192	(72,654)
Benefit payments, including refunds of member contributions	(175,271)	(368,838)	(419,802)	(155,894)	(243,252)	(383,304)
Net change in total OPEB liability	(2,232,532)	3,557,163	1,302,476	(2,739,803)	1,165,168	(1,941,548)
Total OPEB liability - beginning	8,985,748	6,753,216	10,310,379	11,612,855	8,873,052	10,038,220
Total OPEB liability - ending	6,753,216	10,310,379	11,612,855	8,873,052	10,038,220	8,096,672
Covered employee payroll	<u>\$ 61,142,865</u>	<u>\$ 61,045,540</u>	<u>\$ 61,045,540</u>	<u>\$ 66,302,035</u>	<u>\$ 63,870,989</u>	<u>\$ 70,540,583</u>
Net OPEB liability as a percentage of covered employee payroll	<u>11.0%</u>	<u>16.9%</u>	<u>19.0%</u>	<u>13.4%</u>	<u>15.7%</u>	<u>11.5%</u>

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Required Supplementary Information**Lynchburg City Schools****Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios for Health Insurance Credit Schools****For the Year Ended June 30, 2023**

	Fiscal Year 2022	Fiscal Year 2023
Total OPEB Liability		
Service cost	\$ 5,471	\$ 5,571
Interest on OPEB liability	21,260	23,589
Difference between expected and actual experience	(1)	(26,858)
Changes in assumptions	6,656	5,840
Benefit payments	-	(8,908)
Net change in total OPEB liability	33,386	(766)
Total OPEB liability - beginning	314,969	348,355
Total OPEB liability - ending	348,355	347,589
Plan Fiduciary Net Position		
Contributions - employer	26,119	28,159
Net investment income	3,593	(496)
Benefit payments	-	(8,908)
Administrative expenses	(116)	(97)
Other	-	341
Net change in plan fiduciary net position	29,596	18,999
Plan fiduciary net position - beginning	-	29,596
Plan fiduciary net position - ending	29,596	48,595
Net OPEB liability - ending	\$ 318,759	\$ 298,994
Plan fiduciary net position as a percentage of total OPEB liability	8.5%	14.0%
Covered payroll	\$ 4,082,596	\$ 4,399,742
Net OPEB liability as a percentage of covered payroll	7.8%	6.8%

Schedule is intended to show information for 10 years. Since 2022 was the first year for this presentation, only two years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

The Notes to Required Supplementary Information are an integral part of this statement.

Required Supplementary Information

Primary Government

Schedule of Changes in Net OPEB for Line of Duty Act (LODA)

For the Year Ended June 30, 2023

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023
Total OPEB Liability						
Service cost	\$ 163,599	\$ 168,507	\$ 173,562	\$ 228,263	\$ 235,111	\$ 195,364
Interest on OPEB liability	287,149	294,269	281,173	176,727	150,318	221,043
Difference between expected and actual experience	-	-	(3,213,464)	-	(585,976)	-
Changes in assumptions	-	634,614	1,192,943	532,826	(1,227,410)	(139,056)
Benefit payments, including refunds of member contributions	(250,836)	(267,213)	(228,753)	(288,639)	(369,297)	(374,427)
Net change in total OPEB liability	199,912	830,177	(1,794,539)	649,177	(1,797,254)	(97,076)
Total OPEB liability - beginning	<u>7,892,993</u>	<u>8,092,905</u>	<u>8,923,082</u>	<u>7,128,543</u>	<u>7,777,720</u>	<u>5,980,466</u>
Total OPEB liability - ending	<u>\$ 8,092,905</u>	<u>\$ 8,923,082</u>	<u>\$ 7,128,543</u>	<u>\$ 7,777,720</u>	<u>\$ 5,980,466</u>	<u>\$ 5,883,390</u>
Covered employee payroll	<u>\$ 18,941,025</u>	<u>\$ 21,770,826</u>	<u>\$ 20,775,959</u>	<u>\$ 21,101,725</u>	<u>\$ 23,692,611</u>	<u>\$ 26,581,417</u>
Net OPEB liability as a percentage of covered employee payroll	<u>42.7%</u>	<u>41.0%</u>	<u>34.3%</u>	<u>36.9%</u>	<u>25.2%</u>	<u>22.1%</u>

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Required Supplementary Information
Schedule of OPEB Contributions Group Life Insurance
For the Year Ended June 30, 2023

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2023	\$ 365,000	\$ 365,000	\$ -	\$ 60,514,320	0.60%
2022	\$ 303,902	\$ 303,902	\$ -	\$ 55,542,571	0.55%
2021	\$ 303,246	\$ 303,246	\$ -	\$ 57,485,897	0.53%
2020	\$ 303,560	\$ 303,560	\$ -	\$ 56,091,908	0.54%
2019	\$ 290,819	\$ 290,819	\$ -	\$ 54,656,679	0.53%
2018	\$ 279,734	\$ 279,734	\$ -	\$ 54,235,867	0.52%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Required Supplementary Information**Schedule of OPEB Contributions Group Life Insurance - Schools General Employees****For the Year Ended June 30, 2023**

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Schools General Employees					
2023	\$ 25,320	\$ 25,320	\$ -	\$ 4,723,819	0.54%
2022	\$ 23,583	\$ 23,583	\$ -	\$ 4,399,742	0.54%
2021	\$ 21,949	\$ 21,949	\$ -	\$ 4,094,871	0.54%
2020	\$ 20,871	\$ 20,871	\$ -	\$ 3,666,419	0.57%
2019	\$ 19,912	\$ 19,912	\$ -	\$ 3,983,065	0.50%
2018	\$ 20,062	\$ 20,062	\$ -	\$ 3,617,185	0.55%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Required Supplementary Information**Schedule of OPEB Contributions Group Life Insurance - School Teachers****For the Year Ended June 30, 2023**

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Schools Teachers					
2023	\$ 335,006	\$ 335,006	\$ -	\$ 62,501,211	0.54%
2022	\$ 311,145	\$ 311,145	\$ -	\$ 58,049,523	0.54%
2021	\$ 292,433	\$ 292,433	\$ -	\$ 54,558,390	0.54%
2020	\$ 296,299	\$ 296,299	\$ -	\$ 54,925,031	0.54%
2019	\$ 288,302	\$ 288,302	\$ -	\$ 55,019,401	0.52%
2018	\$ 293,909	\$ 293,909	\$ -	\$ 52,992,834	0.55%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Required Supplementary Information
Schedule of OPEB Contributions for Health Insurance Credit - School Teachers and General Employees
For the Year Ended June 30, 2023

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
School Teachers					
2023	\$ 732,276	\$ 732,276	\$ -	\$ 62,501,211	1.17%
2022	\$ 701,169	\$ 701,169	\$ -	\$ 57,947,892	1.21%
2021	\$ 654,498	\$ 654,498	\$ -	\$ 54,503,956	1.20%
2020	\$ 677,727	\$ 677,727	\$ -	\$ 54,925,031	1.23%
2019	\$ 659,100	\$ 659,100	\$ -	\$ 55,019,401	1.20%
2018	\$ 688,326	\$ 688,326	\$ -	\$ 53,104,064	1.30%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
General Employees					
2023	\$ 32,594	\$ 32,594	\$ -	\$ 4,723,819	0.69%
2022	\$ 28,158	\$ 28,158	\$ -	\$ 4,399,742	0.64%

Schedule is intended to show information for 10 years. Since 2022 was the first year for this presentation, only two years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability - Group Life Insurance****City of Lynchburg****For the Year Ended June 30, 2023**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	Fiduciary Net Position as a Percentage of the Total OPEB Liability
Primary Government					
2023	0.27204%	\$ 3,275,624	\$ 55,542,571	5.90%	67.21%
2022	0.27445%	\$ 3,195,343	\$ 57,485,897	5.56%	67.45%
2021	0.27948%	\$ 4,664,064	\$ 56,091,908	8.32%	52.64%
2020	0.28214%	\$ 4,591,169	\$ 54,656,679	8.40%	52.00%
2019	0.28865%	\$ 4,384,000	\$ 54,235,867	8.08%	51.22%
2018	0.29164%	\$ 4,388,000	\$ 52,930,961	8.29%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability Group Life Insurance - Schools General Employees****Lynchburg City Schools****For the Year Ended June 30, 2023**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	Fiduciary Net Position as a Percentage of the Total OPEB Liability
Schools General Employees					
2023	0.02023%	\$ 243,589	\$ 4,399,742	5.54%	67.21%
2022	0.01983%	\$ 230,875	\$ 4,094,871	5.64%	67.45%
2021	0.01936%	\$ 323,086	\$ 3,666,419	8.81%	52.64%
2020	0.01870%	\$ 304,000	\$ 3,983,065	7.63%	52.00%
2019	0.02014%	\$ 306,000	\$ 3,617,185	8.46%	51.22%
2018	0.02039%	\$ 307,000	\$ 3,617,185	8.49%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability Group Life Insurance - School Teachers****Lynchburg City Schools****For the Year Ended June 30, 2023**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
School Teachers					
2023	0.26709%	\$ 3,216,021	\$ 58,049,523	5.54%	67.21%
2022	0.26424%	\$ 3,076,470	\$ 54,558,390	5.64%	67.45%
2021	0.27477%	\$ 4,585,461	\$ 54,925,031	8.35%	52.64%
2020	0.29000%	\$ 4,567,000	\$ 55,019,401	8.30%	52.00%
2019	0.29500%	\$ 4,481,000	\$ 52,992,834	8.46%	51.22%
2018	0.30644%	\$ 4,612,000	\$ 52,992,834	8.70%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

Required Supplementary Information**Schedule of Employer's Share of Net OPEB Liability Health Insurance Credit - School Teachers****Lynchburg City Schools****For the Year Ended June 30, 2023**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability	Employer's Proportionate Share of the Net OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll	Fiduciary Net Position as a Percentage of the Total OPEB Liability
School Teachers					
2023	0.62232%	\$ 7,773,066	\$ 57,947,892	13.41%	15.08%
2022	0.61628%	\$ 7,910,380	\$ 54,503,957	14.51%	13.15%
2021	0.64426%	\$ 8,404,478	\$ 54,925,031	15.30%	9.95%
2020	0.65486%	\$ 8,573,000	\$ 55,019,401	15.58%	8.97%
2019	0.69210%	\$ 8,787,000	\$ 53,104,064	16.55%	8.08%
2018	0.71414%	\$ 9,060,000	\$ 53,104,064	17.06%	7.04%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only six years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the measurement period, which is the twelve months prior to the fiscal year.

CITY OF LYNCHBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

THIS PAGE INTENTIONALLY BLANK

OTHER SUPPLEMENTAL INFORMATION

CITY OF LYNCHBURG, VIRGINIA

Notes to Combining and Individual Fund Statements and Schedules – Nonmajor Governmental Funds

Nonmajor Governmental Funds:

Nonmajor governmental funds consist of special revenue funds.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Funds in this category include:

- City Federal/State Aid Fund – Accounts for various federal and state grants for such purposes as building projects, certain social service and community development programs, and public safety.
- Community Development Block Grant Fund – Accounts for revenues from the Department of Housing and Urban Development which are used for various development projects.
- Lynchburg Business Development Centre Fund – Accounts for revenues received to support a local business incubator and for monies received from the Economic Development Administration for a revolving loan fund and certain other economic development assistance.
- Lynchburg Regional Juvenile Detention Center Fund – Accounts for revenues received and expenditures made to support the operations of the City's Juvenile Detention Home.
- Forfeited Assets Fund – Accounts for revenues received from the sale of confiscated assets which are related to illegal drug sales and are used for law enforcement expenditures.
- Lynchburg Expressway Appearance Fund – Accounts for the revenues and expenditures associated with beautification of the Lynchburg Expressway Area.
- Children's Services Act Fund – Accounts for revenues received and expenditures made to support the Children's Services Act for At-Risk Youth and Families adopted by the Virginia General Assembly.
- HOME Investment Partnerships Program Fund – Accounts for revenues received from the Department of Housing and Urban Development for support of affordable housing needs in the City.

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Children's Services Act
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 171	\$ 313,300	\$ -
Receivables, net of allowance:					
Other	1,011,262	-	-	-	5,287
Due from other funds	10,721	-	-	-	146,511
Due from other governments	952,247	43,337	-	-	1,231,566
Due from component unit	-	-	125,000	-	-
Other assets	-	-	213	-	-
Restricted assets:					
Cash and cash equivalents	1,090,516	-	-	-	-
Total assets	<u>\$ 3,064,746</u>	<u>\$ 43,337</u>	<u>\$ 125,384</u>	<u>\$ 313,300</u>	<u>\$ 1,383,364</u>
Liabilities					
Accounts payable and other liabilities	\$ 167,320	\$ 37,341	\$ -	\$ -	\$ 1,030,161
Accrued payroll and related liabilities	62,176	2,777	-	-	1,719
Due to other funds	836,329	3,219	-	-	266,745
Due to other governments	118,477	-	-	-	-
Total liabilities	<u>1,184,302</u>	<u>43,337</u>	<u>-</u>	<u>-</u>	<u>1,298,625</u>
Deferred Inflows of Resources					
Unavailable revenue	915,899	-	-	-	-
Total deferred inflows of resources	<u>915,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted	964,545	-	-	313,300	84,739
Committed	-	-	125,384	-	-
Assigned	-	-	-	-	-
Total fund balances	<u>964,545</u>	<u>-</u>	<u>125,384</u>	<u>313,300</u>	<u>84,739</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,064,746</u>	<u>\$ 43,337</u>	<u>\$ 125,384</u>	<u>\$ 313,300</u>	<u>\$ 1,383,364</u>

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2023

	Lynchburg Expressway Appearance	HOME Investment Partnerships Program	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
Assets				
Cash and cash equivalents	\$ 214,596	\$ 5,834	\$ 110,465	\$ 644,366
Receivables, net of allowance:				
Other	-	-	-	1,016,549
Due from other funds	-	-	147,399	304,631
Due from other governments	-	35,046	153,059	2,415,255
Due from component unit	-	-	-	125,000
Other assets	-	-	-	213
Restricted assets:				
Cash and cash equivalents	-	-	-	1,090,516
Total assets	<u>\$ 214,596</u>	<u>\$ 40,880</u>	<u>\$ 410,923</u>	<u>\$ 5,596,530</u>
Liabilities				
Accounts payable and other liabilities	\$ -	\$ 51	\$ 40,056	\$ 1,274,929
Accrued payroll and related liabilities	-	684	63,446	130,802
Due to other funds	-	34,311	47,279	1,187,883
Due to other governments	-	-	37,682	156,159
Total liabilities	<u>-</u>	<u>35,046</u>	<u>188,463</u>	<u>2,749,773</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	915,899
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>915,899</u>
Fund Balances				
Restricted	214,596	5,834	222,226	1,805,240
Committed	-	-	-	125,384
Assigned	-	-	234	234
Total fund balances	<u>214,596</u>	<u>5,834</u>	<u>222,460</u>	<u>1,930,858</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 214,596</u>	<u>\$ 40,880</u>	<u>\$ 410,923</u>	<u>\$ 5,596,530</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Children's Services Act
Revenues					
Intergovernmental	\$ 4,987,942	\$ 698,487	\$ -	\$ 249,623	\$ 5,849,720
Revenue from use of money and property	-	-	14,165	3,997	-
Charges for services	659,066	36,660	-	-	2,382,595
Miscellaneous	439,210	-	-	1,000	22,416
Total revenues	<u>6,086,218</u>	<u>735,147</u>	<u>14,165</u>	<u>254,620</u>	<u>8,254,731</u>
Expenditures					
Current operating expenditures:					
General government	-	-	-	-	-
Judicial	1,580,055	-	-	33,604	-
Public safety	2,344,596	-	-	41,999	-
Public works	79,329	-	-	-	-
Health and human services	1,931,365	-	-	-	8,532,848
Cultural and recreational	1,151	-	-	-	-
Community development	406,404	734,959	14,165	-	-
Capital Outlay:					
Capital general government	-	1,450,693	-	-	-
Debt service:					
Principal retirements	-	-	-	-	-
Interest payments and other fiscal charges	-	-	-	-	-
Total expenditures	<u>6,342,900</u>	<u>2,185,652</u>	<u>14,165</u>	<u>75,603</u>	<u>8,532,848</u>
Excess (deficiency) of revenues over expenditures	<u>(256,682)</u>	<u>(1,450,505)</u>	<u>-</u>	<u>179,017</u>	<u>(278,117)</u>
Other financing sources (uses)					
Transfers in	454,717	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>454,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	198,035	(1,450,505)	-	179,017	(278,117)
Fund balances - beginning	<u>766,510</u>	<u>1,450,505</u>	<u>125,384</u>	<u>134,283</u>	<u>362,856</u>
Fund balances - ending	<u>\$ 964,545</u>	<u>\$ -</u>	<u>\$ 125,384</u>	<u>\$ 313,300</u>	<u>\$ 84,739</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2023

	Lynchburg Expressway Appearance	HOME Investment Partnerships Program	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
Revenues				
Intergovernmental	\$ -	\$ 1,171,261	\$ 1,181,398	\$ 14,138,431
Revenue from use of money and property	-	-	-	18,162
Charges for services	-	16,972	1,696,804	4,792,097
Miscellaneous	13,800	-	6,850	483,276
Total revenues	<u>13,800</u>	<u>1,188,233</u>	<u>2,885,052</u>	<u>19,431,966</u>
Expenditures				
Current operating expenditures:				
General government	-	-	5,276	5,276
Judicial	-	-	-	1,613,659
Public safety	-	-	2,930,781	5,317,376
Public works	4,776	-	-	84,105
Health and human services	-	-	-	10,464,213
Cultural and recreational	-	-	-	1,151
Community development	-	1,241,248	-	2,396,776
Capital outlay:				
Capital general government	-	-	-	1,450,693
Debt service:				
Principal retirements	-	-	9,783	9,783
Interest payments and other fiscal charges	-	-	3,147	3,147
Total expenditures	<u>4,776</u>	<u>1,241,248</u>	<u>2,948,987</u>	<u>21,346,179</u>
Excess (deficiency) of revenues over expenditures	<u>9,024</u>	<u>(53,015)</u>	<u>(63,935)</u>	<u>(1,914,213)</u>
Other financing sources (uses)				
Transfers in	-	-	-	454,717
Transfers out	-	-	(35,410)	(35,410)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(35,410)</u>	<u>419,307</u>
Net changes in fund balance	<u>9,024</u>	<u>(53,015)</u>	<u>(99,345)</u>	<u>(1,494,906)</u>
Fund balances - beginning	<u>205,572</u>	<u>58,849</u>	<u>321,805</u>	<u>3,425,764</u>
Fund balances - ending	<u>\$ 214,596</u>	<u>\$ 5,834</u>	<u>\$ 222,460</u>	<u>\$ 1,930,858</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City/Federal/State Aid Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 3,614,327	\$ 7,629,548	\$ 4,987,942	\$ (2,641,606)
Charges for services	691,165	692,288	659,066	(33,222)
Miscellaneous	40,705	999,618	439,210	(560,408)
Total revenues	<u>4,346,197</u>	<u>9,321,454</u>	<u>6,086,218</u>	<u>(3,235,236)</u>
Expenditures				
Current operating expenditures:				
Judicial	1,343,541	3,110,818	1,580,055	1,530,763
Public safety	1,068,468	4,116,647	2,344,596	1,772,051
Public works	-	-	79,329	(79,329)
Health and human services	1,695,520	2,031,472	1,931,365	100,107
Cultural and recreational	-	1,255	1,151	104
Community development	424,467	613,399	406,404	206,995
Total expenditures	<u>4,531,996</u>	<u>9,873,591</u>	<u>6,342,900</u>	<u>3,530,691</u>
Deficiency of revenues over expenditures	<u>(185,799)</u>	<u>(552,137)</u>	<u>(256,682)</u>	<u>295,455</u>
Other financing sources				
Transfers in	185,799	365,053	454,717	89,664
Total other financing sources	<u>185,799</u>	<u>365,053</u>	<u>454,717</u>	<u>89,664</u>
Net changes in fund balance	-	(187,084)	198,035	385,119
Fund balance - beginning	<u>766,510</u>	<u>766,510</u>	<u>766,510</u>	<u>-</u>
Fund balance - ending	<u>\$ 766,510</u>	<u>\$ 579,426</u>	<u>\$ 964,545</u>	<u>\$ 385,119</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 729,183	\$ 1,824,124	\$ 698,487	\$ (1,125,637)
Charges for services	-	-	36,660	36,660
Total revenues	<u>729,183</u>	<u>1,824,124</u>	<u>735,147</u>	<u>(1,088,977)</u>
Expenditures				
Current operating expenditures:				
Community development	729,183	1,715,477	734,959	980,518
Capital Outlay				
Capital general government	-	1,450,693	1,450,693	-
Total expenditures	<u>729,183</u>	<u>3,166,170</u>	<u>2,185,652</u>	<u>980,518</u>
Net changes in fund balance	-	(1,342,046)	(1,450,505)	(108,459)
Fund balance - beginning	<u>1,450,505</u>	<u>1,450,505</u>	<u>1,450,505</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,450,505</u>	<u>\$ 108,459</u>	<u>\$ -</u>	<u>\$ (108,459)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Forfeited Assets Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 249,623	\$ 249,623
Revenue from use of money and property	-	-	3,997	3,997
Miscellaneous	-	-	1,000	1,000
Total revenues	<u>-</u>	<u>-</u>	<u>254,620</u>	<u>254,620</u>
Expenditures				
Current operating expenditures:				
Judicial	-	82,223	33,604	48,619
Public safety	-	211,622	41,999	169,623
Total expenditures	<u>-</u>	<u>293,845</u>	<u>75,603</u>	<u>218,242</u>
Net changes in fund balance	-	(293,845)	179,017	472,862
Fund balance - beginning	<u>134,283</u>	<u>134,283</u>	<u>134,283</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ 134,283</u>	<u>\$ (159,562)</u>	<u>\$ 313,300</u>	<u>\$ 472,862</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Children's Services Act Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 4,638,778	\$ 5,919,712	\$ 5,849,720	\$ (69,992)
Charges for services	2,236,184	2,382,695	2,382,595	(100)
Miscellaneous	48,600	48,600	22,416	(26,184)
Total revenues	<u>6,923,562</u>	<u>8,351,007</u>	<u>8,254,731</u>	<u>(96,276)</u>
Expenditures				
Current operating expenditures:				
Health and human services	6,923,562	8,670,957	8,532,848	138,109
Total expenditures	<u>6,923,562</u>	<u>8,670,957</u>	<u>8,532,848</u>	<u>138,109</u>
Net changes in fund balance	-	(319,950)	(278,117)	41,833
Fund balance - beginning	<u>362,856</u>	<u>362,856</u>	<u>362,856</u>	<u>-</u>
Fund balance - ending	<u>\$ 362,856</u>	<u>\$ 42,906</u>	<u>\$ 84,739</u>	<u>\$ 41,833</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lynchburg Expressway Appearance Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 13,800	\$ 13,800
Total revenues	-	-	13,800	13,800
Expenditures				
Current operating expenditures:				
Public works	75,000	75,000	4,776	70,224
Total expenditures	75,000	75,000	4,776	70,224
Net changes in fund balance	(75,000)	(75,000)	9,024	84,024
Fund balance - beginning	205,572	205,572	205,572	-
Fund balance - ending	<u>\$ 130,572</u>	<u>\$ 130,572</u>	<u>\$ 214,596</u>	<u>\$ 84,024</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HOME Investment Partnerships Program Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 413,856	\$ 1,500,019	\$ 1,171,261	\$ (328,758)
Charges for Services	-	46,083	16,972	(29,111)
Total revenues	<u>413,856</u>	<u>1,546,102</u>	<u>1,188,233</u>	<u>(357,869)</u>
Expenditures				
Current operating expenditures:				
Community development	413,856	1,594,514	1,241,248	353,266
Total expenditures	<u>413,856</u>	<u>1,594,514</u>	<u>1,241,248</u>	<u>353,266</u>
Net changes in fund balance	-	(48,412)	(53,015)	(4,603)
Fund balance - beginning	<u>58,849</u>	<u>58,849</u>	<u>58,849</u>	<u>-</u>
Fund balance - ending	<u>\$ 58,849</u>	<u>\$ 10,437</u>	<u>\$ 5,834</u>	<u>\$ (4,603)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lynchburg Regional Juvenile Detention Center Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,907,086	\$ 1,907,086	\$ 1,181,398	\$ (725,688)
Charges for services	1,473,278	1,596,689	1,696,804	100,115
Miscellaneous	1,400	1,400	6,850	5,450
Total revenues	<u>3,381,764</u>	<u>3,505,175</u>	<u>2,885,052</u>	<u>(620,123)</u>
Expenditures				
Current operating expenditures:				
General government	5,316	5,276	5,276	-
Public safety	3,330,914	3,454,361	2,930,781	523,580
Debt service:				
Principal retirements	7,000	7,000	9,783	(2,783)
Interest payments and other fiscal charges	3,124	3,124	3,147	(23)
Total expenditures	<u>3,346,354</u>	<u>3,469,761</u>	<u>2,948,987</u>	<u>520,774</u>
Excess (deficiency) of revenues over expenditures	<u>35,410</u>	<u>35,414</u>	<u>(63,935)</u>	<u>(99,349)</u>
Other financing uses				
Transfers out	<u>(35,410)</u>	<u>(35,410)</u>	<u>(35,410)</u>	<u>-</u>
Total other financing uses	<u>(35,410)</u>	<u>(35,410)</u>	<u>(35,410)</u>	<u>-</u>
Net changes in fund balance	-	4	(99,345)	(99,349)
Fund balance - beginning	<u>321,805</u>	<u>321,805</u>	<u>321,805</u>	<u>-</u>
Fund balance - ending	<u>\$ 321,805</u>	<u>\$ 321,809</u>	<u>\$ 222,460</u>	<u>\$ (99,349)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 22,620,394	\$ 53,259,433	\$ 7,737,257	\$ (45,522,176)
Revenue from use of money and property	-	15,616	532,572	516,956
Miscellaneous	125,000	430,741	299,323	(131,418)
Total revenues	<u>22,745,394</u>	<u>53,705,790</u>	<u>8,569,152</u>	<u>(45,136,638)</u>
Expenditures				
Current operating expenditures:				
Public works	6,172,000	9,520,494	3,924,838	5,595,656
Cultural and recreational	838,000	2,207,741	232,994	1,974,747
Community development	302,838	2,184,077	57,449	2,126,628
Capital outlay:				
Capital general government	89,573,242	127,778,851	25,106,875	102,671,976
Debt service:				
Issuance costs	-	84,058	84,058	-
Total expenditures	<u>96,886,080</u>	<u>141,775,221</u>	<u>29,406,214</u>	<u>112,369,007</u>
Deficiency of revenues over expenditures	<u>(74,140,686)</u>	<u>(88,069,431)</u>	<u>(20,837,062)</u>	<u>67,232,369</u>
Other financing sources (uses)				
Issuance of bonds	39,733,140	80,582,825	33,938,729	(46,644,096)
Premium on debt issuance	-	2,865,303	2,865,303	-
Transfers in	34,407,546	36,080,599	36,080,599	-
Transfers out	-	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>74,140,686</u>	<u>119,503,727</u>	<u>72,859,631</u>	<u>(46,644,096)</u>
Net changes in fund balance	-	31,434,296	52,022,569	20,588,273
Fund balance - beginning	<u>21,361,016</u>	<u>21,361,016</u>	<u>21,361,016</u>	<u>-</u>
Fund balance - ending	<u>\$ 21,361,016</u>	<u>\$ 52,795,312</u>	<u>\$ 73,383,585</u>	<u>\$ 20,588,273</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
School Capital Projects
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 10,885,346	\$ 2,965,375	\$ (7,919,971)
Revenue from use of money and property	-	-	137,204	137,204
Miscellaneous	-	-	5,368	5,368
Total revenues	-	10,885,346	3,107,947	(7,777,399)
Expenditures				
Current operating expenditures:				
Education	-	1,774,911	143,525	1,631,386
Capital outlay:				
Capital general government	-	12,866,930	3,566,058	9,300,872
Total expenditures	-	14,641,841	3,709,583	10,932,258
Deficiency of revenues over expenditures	-	(3,756,495)	(601,636)	3,154,859
Other financing sources				
Issuance of bonds	-	91,069	448,760	357,691
Transfers in	-	1,099,856	1,099,856	-
Total other financing sources	-	1,190,925	1,548,616	357,691
Net changes in fund balance	-	(2,565,570)	946,980	3,512,550
Fund balance - beginning	5,094,907	5,094,907	5,094,907	-
Fund balance - ending	<u>\$ 5,094,907</u>	<u>\$ 2,529,337</u>	<u>\$ 6,041,887</u>	<u>\$ 3,512,550</u>

Discretely Presented Component Unit - Lynchburg City Schools
Combining Balance Sheet
June 30, 2023

	School Operating	School Federal Aid	School Cafeteria	School Activities	Total Governmental
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 2,578,111	\$ 1,105,638	\$ 3,683,749
Receivables, net of allowance	76,120	-	97,950	-	174,070
Due from other funds	9,466,874	-	8,830	-	9,475,704
Due from other governments	2,412,775	14,300,662	-	-	16,713,437
Prepaid expenses and other assets	809,352	-	-	-	809,352
Inventory	-	-	137,876	-	137,876
Total assets	<u>\$ 12,765,121</u>	<u>\$ 14,300,662</u>	<u>\$ 2,822,767</u>	<u>\$ 1,105,638</u>	<u>\$ 30,994,188</u>
Liabilities					
Bank overdraft	\$ 3,125,184	\$ -	\$ -	\$ -	\$ 3,125,184
Accounts payable and other liabilities	646,933	57,467	47,952	-	752,352
Accrued payroll and related liabilities	5,527,707	1,357,432	227,154	-	7,112,293
Due to other funds	-	9,475,704	-	-	9,475,704
Unearned revenue	-	3,406,791	-	-	3,406,791
Due to primary government- return of local funding	7,335	-	-	-	7,335
Due to primary government- other	76,065	-	-	-	76,065
Total liabilities	<u>9,383,224</u>	<u>14,297,394</u>	<u>275,106</u>	<u>-</u>	<u>23,955,724</u>
Deferred Inflows of Resources					
Unavailable revenue	937,139	-	-	-	937,139
Total deferred inflows of resources	<u>937,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>937,139</u>
Fund balances					
Nonspendable:					
Prepaid expenses	809,352	-	-	-	809,352
Inventory	-	-	137,876	-	137,876
Restricted for:					
Education	-	-	2,409,785	-	2,409,785
Committed for:					
Education	1,635,406	3,268	-	-	1,638,674
Assigned for:					
Education	-	-	-	1,105,638	1,105,638
Total fund balances	<u>2,444,758</u>	<u>3,268</u>	<u>2,547,661</u>	<u>1,105,638</u>	<u>6,101,325</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,765,121</u>	<u>\$ 14,300,662</u>	<u>\$ 2,822,767</u>	<u>\$ 1,105,638</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,317,989
Receivables on the Statement of Net Position that do not provide current financial resources are reported as unavailable revenue in the funds.	937,139
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to:	
Pensions	15,822,284
Other postemployment benefits	3,110,175
Deferred inflows related to:	
Pensions	(16,445,242)
Other postemployment benefits	(6,840,902)
Net pension asset	880,946
Net pension liability	(56,951,364)
Other postemployment benefits	(19,265,740)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,070,402)
Net position of governmental activities	<u>\$ (67,403,792)</u>

Discretely Presented Component Unit - Lynchburg City Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2023

	School Operating	School Federal Aid	School Cafeteria	School Activities	Total Governmental
Revenues					
Intergovernmental:					
State and Federal	\$ 65,377,166	\$ 25,656,804	\$ 6,124,242	\$ -	\$ 97,158,212
City of Lynchburg	41,138,588	-	-	-	41,138,588
Charges for services	492,565	-	284,120	1,595,427	2,372,112
Miscellaneous	1,429,395	115,470	90,327	-	1,635,192
Total revenues	108,437,714	25,772,274	6,498,689	1,595,427	142,304,104
Expenditures					
Education:					
Instruction	70,472,281	17,160,458	-	1,483,528	89,116,267
Administration, attendance and health	9,239,258	2,471,715	-	-	11,710,973
Pupil transportation services	6,840,626	21,106	-	-	6,861,732
Operations and maintenance	12,758,198	1,804,432	-	-	14,562,630
Food services and other non-instructional operations	18,155	228,537	6,437,324	-	6,684,016
Facilities	2,751	-	-	-	2,751
Technology	7,536,584	2,189,148	-	-	9,725,732
Capital outlay	771,916	1,884,401	61,839	-	2,718,156
Total expenditures	107,639,769	25,759,797	6,499,163	1,483,528	141,382,257
Excess (deficiency) of revenues over expenditures	797,945	12,477	(474)	111,899	921,847
Other financing sources (uses)					
Transfers in	-	-	21,506	-	21,506
Transfers out	-	(21,506)	-	-	(21,506)
Total other financing sources (uses)	-	(21,506)	21,506	-	-
Net changes in fund balances	797,945	(9,029)	21,032	111,899	921,847
Fund balances - beginning, as restated	1,646,813	12,297	2,526,629	993,739	
Fund balances - ending	\$ 2,444,758	\$ 3,268	\$ 2,547,661	\$ 1,105,638	

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

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 capital outlay of \$373,424 was less than depreciation expense of (\$1,720,696)	(1,347,272)
Governmental funds report employer pension contributions as expenditures. However, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Employer pension contributions	9,683,039
Pension benefit	2,515,850
Governmental funds report other postemployment benefit contributions as expenditures. However, in the Statement of Activities the cost of these benefits earned net of employee contributions is reported as other postemployment benefit expense.	
Employer other postemployment contributions	1,211,630
Other postemployment expense	(603,707)
Compensated absences are not due and payable at June 30, and therefore are not reported in the fund statements.	(54,576)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(637,114)
Change in net position of governmental activities.	\$ 11,689,697

Discretely Presented Component Unit - Lynchburg City Schools
School Operating Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
State and Federal	\$ 63,859,801	\$ 63,507,849	\$ 65,377,166	\$ 1,869,317
City of Lynchburg, before return of funds	40,794,923	41,145,923	41,145,923	-
Charges for services	731,000	731,000	492,565	(238,435)
Miscellaneous	537,500	2,298,610	1,429,395	(869,215)
Total revenues	<u>105,923,224</u>	<u>107,683,382</u>	<u>108,445,049</u>	<u>761,667</u>
Expenditures				
Education:				
Instruction	73,128,613	70,326,656	70,472,281	(145,625)
Administration, attendance and health	9,188,789	9,240,873	9,239,258	1,615
Pupil transportation services	5,524,466	6,985,466	6,840,626	144,840
Operations and maintenance	11,422,993	12,734,596	12,758,198	(23,602)
Food service and other	34,965	34,965	18,155	16,810
Facilities	20,210	20,230	2,751	17,479
Technology	5,234,136	7,566,770	7,536,584	30,186
Capital outlay	1,369,052	773,826	771,916	1,910
Total expenditures	<u>105,923,224</u>	<u>107,683,382</u>	<u>107,639,769</u>	<u>43,613</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>805,280</u>	<u>805,280</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>805,280</u>	<u>\$ 805,280</u>
Less return of funds to the City			(7,335)	
			<u>\$ 797,945</u>	

Discretely Presented Component Unit - Lynchburg City Schools
Statement of Fiduciary Net Position
June 30, 2023

	<u>Total Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 613,622
Prepaid expenses	<u>9,003</u>
Total assets	<u>622,625</u>
Liabilities	
Accounts payable and other liabilities	1,523
Accrued payroll and related liabilities	<u>50,218</u>
Total liabilities	<u>51,741</u>
Net Position	
Restricted for individuals and organizations	<u>570,884</u>
Total net position	<u>\$ 570,884</u>

Discretely Presented Component Unit - Lynchburg City Schools
Combining Statement of Fiduciary Net Position
June 30, 2023

	Governor's School	STEM	Step with Links	GLCT- Step with Links	Total
Assets					
Cash and cash equivalents	\$ 242,807	\$ 32,158	\$ 67,403	\$ 271,254	\$ 613,622
Prepaid expenses	5,230	3,773	-	-	9,003
Total assets	<u>248,037</u>	<u>35,931</u>	<u>67,403</u>	<u>271,254</u>	<u>622,625</u>
Liabilities					
Accounts payable and other liabilities	280	1,243	-	-	1,523
Accrued payroll and related liabilities	46,467	1,634	2,117	-	50,218
Total liabilities	<u>46,747</u>	<u>2,877</u>	<u>2,117</u>	<u>-</u>	<u>51,741</u>
Net Position					
Restricted for individuals and organizations	201,290	33,054	65,286	271,254	570,884
Total net position	<u>\$ 201,290</u>	<u>\$ 33,054</u>	<u>\$ 65,286</u>	<u>\$ 271,254</u>	<u>\$ 570,884</u>

Discretely Presented Component Unit - Lynchburg City Schools
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Governor's School	STEM	Step with Links	GLCT- Step with Links	Total
Additions					
Contributions:					
Donations	\$ -	\$ 19,762	\$ 16,300	\$ -	\$ 36,062
Tuition	822,394	324,500	-	-	1,146,894
Other fees	-	2,555	-	50	2,605
Intergovernmental- state and federal	540,782	-	-	-	540,782
Investment earnings:					
Interest and capital losses	-	-	-	29,428	29,428
Total additions	<u>1,363,176</u>	<u>346,817</u>	<u>16,300</u>	<u>29,478</u>	<u>1,755,771</u>
Deductions					
Investment expenses	-	-	-	4,052	4,052
Instruction	1,120,886	350,456	18,523	-	1,489,865
Operations and maintenance	105,547	-	-	-	105,547
Technology	14,045	-	-	-	14,045
Capital outlay	239,835	-	-	-	239,835
Total deductions	<u>1,480,313</u>	<u>350,456</u>	<u>18,523</u>	<u>4,052</u>	<u>1,853,344</u>
Net increase (decrease) in fiduciary net position	<u>(117,137)</u>	<u>(3,639)</u>	<u>(2,223)</u>	<u>25,426</u>	<u>(97,573)</u>
Net position - beginning	<u>318,427</u>	<u>36,693</u>	<u>67,509</u>	<u>245,828</u>	<u>668,457</u>
Net position - ending	<u>\$ 201,290</u>	<u>\$ 33,054</u>	<u>\$ 65,286</u>	<u>\$ 271,254</u>	<u>\$ 570,884</u>

Combining Statement of Net Position
Other Component Units
June 30, 2023

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,523,692	\$ 500,450	\$ 2,024,142
Receivables, net of allowance	543,569	134,020	677,589
Due from other governments	-	208,727	208,727
Inventory	-	289,369	289,369
Prepays and other assets	453	245,058	245,511
Capital assets:			
Nondepreciable	-	2,002,938	2,002,938
Depreciable/Amortizable, net	-	32,041,803	32,041,803
Total assets	<u>2,067,714</u>	<u>35,422,365</u>	<u>37,490,079</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	-	188,084	188,084
Total deferred inflows of resources	<u>-</u>	<u>188,084</u>	<u>188,084</u>
Liabilities			
Current liabilities:			
Accounts payable and other liabilities	67,924	428,722	496,646
Subscription liabilities	-	1,120	1,120
Due to other governments	1,273,519	-	1,273,519
Due to primary government	125,000	441,284	566,284
Total current liabilities	<u>1,466,443</u>	<u>871,126</u>	<u>2,337,569</u>
Noncurrent liabilities:			
Net other postemployment benefit liability	-	262,202	262,202
Subscription liabilities	-	12,320	12,320
Compensated absences	-	147,485	147,485
Total noncurrent liabilities	<u>-</u>	<u>422,007</u>	<u>422,007</u>
Total liabilities	<u>1,466,443</u>	<u>1,293,133</u>	<u>2,759,576</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	-	78,203	78,203
Total deferred inflows of resources	<u>-</u>	<u>78,203</u>	<u>78,203</u>
Net position			
Net investment in capital assets	-	34,180,028	34,180,028
Restricted	-	81,464	81,464
Unrestricted	601,271	(22,379)	578,892
Total net position	<u>\$ 601,271</u>	<u>\$ 34,239,113</u>	<u>\$ 34,840,384</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Other Component Units
For the Year Ended June 30, 2023

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Operating revenues			
Charges for services and other operating revenues	\$ 281,407	\$ 598,209	\$ 879,616
Total operating revenues	<u>281,407</u>	<u>598,209</u>	<u>879,616</u>
Operating expenses			
Operations	231,371	6,212,401	6,443,772
Administration	405	2,326,649	2,327,054
Maintenance and repairs	23,820	2,099,584	2,123,404
Total operating expenses	<u>255,596</u>	<u>10,638,634</u>	<u>10,894,230</u>
Operating income (loss)	<u>25,811</u>	<u>(10,040,425)</u>	<u>(10,014,614)</u>
Nonoperating revenue			
Subsidy of operations- City of Lynchburg	-	825,170	825,170
Subsidy of operations- Counties	-	77,800	77,800
Subsidy of operations- State aid for public transportation	-	2,009,808	2,009,808
Subsidy of operations- Federal operating grant	-	4,875,887	4,875,887
Miscellaneous revenue	-	289,913	289,913
Gain on disposition of capital assets	-	1,025	1,025
Total nonoperating revenue	<u>-</u>	<u>8,079,603</u>	<u>8,079,603</u>
Capital contributions	-	489,785	489,785
Change in net position	<u>25,811</u>	<u>(1,471,037)</u>	<u>(1,445,226)</u>
Total net position - beginning	<u>575,460</u>	<u>35,710,150</u>	<u>36,285,610</u>
Total net position - ending	<u>\$ 601,271</u>	<u>\$ 34,239,113</u>	<u>\$ 34,840,384</u>

Combining Statement of Cash Flows
Other Component Units
For the Year Ended June 30, 2023

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Operating activities			
Cash received from operations	\$ 374,440	\$ 502,737	\$ 877,177
Cash paid to employees	(112,738)	(4,120,166)	(4,232,904)
Cash paid to suppliers for goods and services	(151,382)	(4,602,168)	(4,753,550)
New loans disbursed	(175,000)	-	(175,000)
Net cash used in operating activities	(64,680)	(8,219,597)	(8,284,277)
Noncapital financing activities			
Subsidies	-	8,054,887	8,054,887
Net cash provided by noncapital financing activities	-	8,054,887	8,054,887
Capital and related financing activities			
Capital contributions received	-	347,936	347,936
Purchases of capital assets	-	(364,231)	(364,231)
Principal payments on long-term liabilities	-	(1,120)	(1,120)
Proceeds from sale of capital assets	-	1,025	1,025
Net cash used in capital and related financing activities	-	(16,390)	(16,390)
Net decrease in cash and cash equivalents	(64,680)	(181,100)	(245,780)
Cash and cash equivalents			
Beginning of year	1,588,372	681,550	2,269,922
End of year	\$ 1,523,692	\$ 500,450	\$ 2,024,142
Reconciliation of operating income (loss) to net cash used in operating activities			
Operating income (loss)	\$ 25,811	\$ (10,040,425)	\$ (10,014,614)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	-	1,963,515	1,963,515
Increase in receivables	(82,467)	(95,472)	(177,939)
Decrease (increase) in prepaids and other assets	(178)	24,864	24,686
Decrease in inventory	-	55,418	55,418
Decrease in accounts payable and other current liabilities	(7,846)	(151,435)	(159,281)
Increase in compensated absences	-	38,827	38,827
Decrease in other postemployment benefits	-	(14,889)	(14,889)
Net cash used in operating activities	\$ (64,680)	\$ (8,219,597)	\$ (8,284,277)
Supplemental cash flow information			
Non-cash transactions:			
Capital assets additions financed by accounts payable	\$ -	\$ 148,727	\$ 148,727

THIS PAGE INTENTIONALLY BLANK

SUPPLEMENTAL SCHEDULES

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
Primary Government						
Department of Agriculture						
Passed through Commonwealth of Virginia:						
Department of Social Services:						
SNAP Cluster						
Supplemental Nutrition Assistance Program	10.561	171VA407S2514		\$ 2,258,311		
Supplemental Nutrition Assistance Program - Community Market	10.561	171VA407S2514		36,078		
Total SNAP Cluster					\$ 2,294,389	\$ 2,294,389
Child Nutrition Cluster						
National School Lunch Program	10.555	16161VA347N2535		38,279		38,279
National School Breakfast Program	10.553	16161VA347N2535		28,877		28,877
Department of Parks & Recreation:						
Food Insecurity Nutritional Incentive (FINI) Double-Dollars Grant	10.331	2015-70018-2330		32,114		32,114
Total Department of Agriculture						\$ 2,393,659
Department of Health and Human Services						
Passed through Commonwealth of Virginia:						
Department of Social Services:						
Family Preservation and Support	93.556	1801VAFPSS	\$ -	\$ 84,048		\$ 84,048
TANF Block Grant	93.558	1901VATANF	105,648	1,131,846		1,237,494
Refugee and Entrant Assistance State - Administered Programs	93.566	1801VARSOC	-	3,092		3,092
Low Income Energy Assistance	93.568	18B1VALIEA	-	180,055		180,055
CCDF Cluster - Child Care Assistance	93.575	1801VACCDF	-	6,162		6,162
CCDF Cluster - Child Care Development Fund	93.596	1801VACCDF	-	214,799		214,799
Total CCDF Cluster					\$ 220,961	
Chafee Education and Training Vouchers Program (ETV)	93.599	1801VACETV	-	8,059		8,059
Child Welfare Services	93.645	1801VACWSS	-	1,906		1,906
Foster Care - Title IV-E	93.658	1901VAFOST	-	1,250,749		1,250,749
Adoption Assistance	93.659	1901VAADPT	-	3,470,979		3,470,979
Social Services Block Grant	93.667	1801VASOSR	-	953,578		953,578
Independent Living	93.674	1801VACILP	-	46,197		46,197
Children's Insurance Program	93.767	1905VA0301	-	9,136		9,136
Medicaid Cluster - Medicaid Assistance	93.778	1805VA5MAP	-	1,167,236		1,167,236
Total Medicaid Cluster					1,167,236	
Total Department of Health and Human Services						\$ 8,633,490

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
Primary Government (Continued)						
Department of Housing and Urban Development						
Direct Payments:						
Community Development Block Grant FY19	14.218	B-18-MC-51-0014		\$ 1,450,693		
Passed through to:						
Lynchburg Redevelopment and Housing Authority	14.218	B-18-MC-51-0014	\$ 89,514	89,514		
Community Development Block Grant FY20	14.218	B-19-MC-51-0014		6,101		
Passed through to:						
Lynchburg Redevelopment and Housing Authority	14.218	B-19-MC-51-0014				
Coronavirus Relief Supplement	14.218	B-19-MC-51-0014	8,771	8,771		
Lynchburg Community Action Group	14.218	B-19-MC-51-0014	16,342	16,342		
Interfaith Outreach	14.218	B-19-MC-51-0014	32,167	32,167		
Community Development Block Grant FY21	14.218	B-20-MC-51-0014		161,015		
Passed through to:						
Lynchburg Redevelopment and Housing Authority	14.218	B-20-MC-51-0014				
Blue Ridge Mtns Council Boy Scouts	14.218	B-20-MC-51-0014	840	840		
Community Development Block Grant FY22	14.218	B-21-MC-51-0014		112,444		
Passed through to:						
Lynchburg Redevelopment and Housing Authority	14.218	B-21-MC-51-0014	22,912	22,912		
Miriam's House	14.218	B-21-MC-51-0014	378	378		
Community Development Block Grant FY23	14.218	B-22-MC-51-0014		215,808		
Passed through to:						
Lynchburg Redevelopment and Housing Authority	14.218	B-22-MC-51-0014				
Miriam's House	14.218	B-22-MC-51-0014	65,000	65,000		
Blue Ridge Mtns Council Boy Scouts	14.218	B-22-MC-51-0014	3,666	3,666		
Total Entitlement Grants Cluster - Community Development Block Grant				\$	2,185,651	\$ 2,185,651
Home Investment Partnership Program						
Home Investment Partnership Program FY20	14.239	M-19-MC-51-0211				
Passed through to:						
Habitat for Humanity	14.239	M-19-MC-51-0211				
Rush Homes	14.239	M-19-MC-51-0211	8,228	8,228		
Home Investment Partnership Program FY21	14.239	M-20-MC-51-0211		15,079		
Passed through to:						
Habitat for Humanity	14.239	M-20-MC-51-0211	33,104	33,104		
Rush Homes	14.239	M-20-MC-51-0211	413,140	413,140		
American Rescue Plan Relief Supplement	14.239	M-20-MC-51-0211		56,916		
Home Investment Partnership Program FY22	14.239	M-21-MC-51-0211		13,492		
Passed through to:						
Habitat for Humanity	14.239	M-21-MC-51-0211	208,425	208,425		
Rush Homes	14.239	M-21-MC-51-0211	150,000	150,000		
Home Investment Partnership Program FY23	14.239	M-22-MC-51-0211				
Passed through to:						
Habitat for Humanity	14.239	M-22-MC-51-0211	152,865	152,865		
Rush Homes	14.239	M-22-MC-51-0211	190,000	190,000		1,241,249
Total Entitlement Grants Cluster - Home Investment Partnership Program					1,241,249	
Total Department of Housing and Urban Development						\$ 3,426,900

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
Primary Government (Continued)						
Department of Justice						
Direct Payments:						
Office of Violence Against Women - Improving Criminal Responses Program	16.590	2016-WE-AX-0020	\$ 32,939	\$ 105,575		\$ 105,575
Bulletproof Vest Partnership 2021	16.607	2021-BUBX-1608-2768		7,071		
Bulletproof Vest Partnership 2022	16.607	2022-BUBX-1608-2768		40,210		47,281
Edward Byrne Memorial Justice Assistance Grant Program - Equipment 2023	16.738	15PBJA-22-GG-02382-JAGX		42,448		42,448
Federal Asset Forfeiture	16.922			6,860		6,860
Passed through Commonwealth of Virginia:						
Department of Criminal Justice Services:						
Victim-Witness Services	16.575	23-00981VW19		261,142		261,142
Violence Against Women Formula Grant	16.588	22-M6141VA21		34,870		
Violence Against Women Formula Grant	16.588	23-N6141VA21		23,057		57,927
DCJS ARPA Law Enforcement Equipment & Technology Grant	21.027	2023-504337		343,950		
DCJS ARPA Law Enforcement Equipment & Technology Grant	21.027	2023-507591		74,687		418,637
Total Department of Justice						\$ 939,870
Department of Labor						
Passed through Commonwealth of Virginia:						
Virginia Community College System (VCCS):						
WIOA Cluster						
WIA Adult Program	17.258	AA-33260-21-55-A-51	\$ 86,086	\$ 86,086		
WIA Adult Program	17.258	AA-34799-22-55-A-51	481,536	481,536		\$ 567,622
WIA Youth Activities	17.259	AA-33260-21-55-A-51	109,740	109,740		
WIA Youth Activities	17.259	AA-34799-22-55-A-51	536,092	536,092		645,832
WIA Dislocated Workers	17.278	AA-34799-20-55-A-51	25,984	25,984		
WIA Dislocated Workers	17.278	AA-33260-21-55-A-51	78,855	78,855		
WIA Dislocated Workers	17.278	AA-34799-22-55-A-51	158,814	158,814		263,653
Total WIOA Cluster					\$ 1,477,107	
Total Department of Labor						\$ 1,477,107
Department of Homeland Security						
Direct Payments:						
Transportation Security Administration:						
Airport LEO Cooperative Agreement	97.090	HSTS02-16-H-SLR753		\$ 87,380		\$ 87,380
Total Department of Homeland Security						\$ 87,380
Department of the Treasury						
Direct Payments:						
Coronavirus State and Local Fiscal Recovery Funds	21.027			\$ 33,328,529		\$ 33,328,529
Total Department of Treasury						\$ 33,328,529

(Continued)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
Primary Government (Continued)						
Department of Transportation						
Passed through Commonwealth of Virginia:						
Highway Planning and Construction Cluster						
Virginia Department of Transportation						
Highway Planning and Construction						
Graves Mill Road Adaptive Signal System	20.205	HSIP-118-295		\$ 129,989		
Kemper Street Bike and Pedestrian Improvements	20.205	HSIP-118-280		386,346		
Nationwide Drive Pedestrian Improvements	20.205	HSIP-118-296		86,168		
Pedestrian Improvements - Old Forest Road	20.205	HSIP-118-294		123,191		
Route 501/221 One-Way Pairs	20.205	U000-118-286		558,628		
						\$ 1,284,322
Passed through Commonwealth of Virginia:						
Highway Safety Cluster						
DMV Selective Enforcement - Alcohol FY22	20.607	AL-2022-52061-22061		6,511		
DMV Selective Enforcement - Alcohol FY23	20.607	ENF-AL-2023-53120-23120		15,176		21,687
DMV Selective Enforcement - Speed FY22	20.600	SC-2022-52108-22108		6,687		
DMV Selective Enforcement - Speed FY23	20.600	BPT-2023-53145-23145		21,380		28,067
Total Highway Safety Cluster				\$	28,067	
Total Department of Transportation						\$ 1,334,076
Environmental Protection Agency						
Passed through Commonwealth of Virginia:						
Clean Water State Revolving Fund Cluster						
Virginia Resources Authority:						
Revolving Loan	66.458	972		\$ 944,677		
Total Clean Water State Revolving Fund Cluster				\$	944,677	
Total Environmental Protection Agency						\$ 944,677
Federal Aviation Administration						
Direct Payments:						
Department of Aviation:						
Airport Improvement Program	20.106	3-51-0029-045-2020		\$ 973,344		
COVID-19 - Airport Improvement Program (CRRSA)	20.106	3-51-0029-047-2021		327,192		
COVID-19 - Airport Improvement Program (ARPA)	20.106	3-51-0029-048-2022		1,164,653		
Airport Improvement Program	20.106	3-51-0029-050-2022		122,935		
COVID-19 - Airport Improvement Program (BIL)	20.106	3-51-0029-051-2022 (BIL)		128,837		\$ 2,716,961
Total Federal Aviation Administration						\$ 2,716,961
Federal Emergency Management Agency						
Passed through Commonwealth of Virginia:						
Department of Emergency Services:						
Homeland Security	97.073					
Virginia Department of Emergency Management:						
Emergency Management Performance Grants	97.042	7196		\$ 23,423		\$ 23,423
State Homeland Security Program Grant - Fire	97.067	8620		10,437		
State Homeland Security Program Grant - Fire	97.067	S#81		84,000		
State Homeland Security Program Grant - Police 2023	97.067	8510 - S#76		14,637		109,074
Total Federal Emergency Management Agency						\$ 132,497

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
<u>Component Unit - Lynchburg Schools</u>						
Department of Agriculture						
Passed through Commonwealth of Virginia:						
Department of Education:						
Child Nutrition Cluster						
National School Lunch Program	10.555			\$ 4,111,735		
COVID-19 - National School Lunch Program	10.555					\$ 4,111,735
National School Breakfast Program – CARES	10.553			1,434,007		1,434,007
Summer Food Service Program	10.559					
CACFP	10.558			132,368		
COVID-19 - CACFP	10.558			216,681		349,049
Total Child Nutrition Cluster (10.553, 10.555, 10.559)					\$ 5,545,742	
Total Department of Agriculture						\$ 5,894,791
Department of Education						
Passed through Commonwealth of Virginia:						
Title I - Part A - Improving Basic Programs	84.010	S010A180046		\$ 246,072		
Title I - Part A - Improving Basic Programs	84.010	S010A190046		1,305,497		
Title I - Part A - Improving Basic Programs	84.010	S010A200046		2,424,284		
Title I - Part A - Improving Basic Programs	84.010	S010A210046		-		
Title I - Part A - School Improvement	84.010	S010A180046		26,580		
Title I - Part A - School Improvement	84.010	S010A210046		39,267		\$ 4,041,700
Title I - Part D - Neglected or Delinquent	84.013	S010A190046		23,474		
Title I - Part D - Neglected or Delinquent	84.013	S010A200046		5,501		
Title I - Part D - Neglected or Delinquent	84.013	S010A210046		-		
Title I - Neglected and Delinquent Children	84.013	S013A180046		2,209		
Title I - Neglected and Delinquent Children	84.013	S013A190046		427		
Title I - Neglected and Delinquent Children	84.013	S013A200046		-		31,611

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
Component Unit - Lynchburg Schools (Continued)						
Department of Education (Continued)						
Passed through Commonwealth of Virginia: (Continued)						
Title IV-B - 21st Century	84.287	S287C190047		-		
Title IV-B - 21st Century	84.287	S287C200047	\$	22,651		
Title IV-B - 21st Century	84.287	S287C210047		-		\$ 22,651
IDEA - Part B Section 611 - Special Education 029	84.027	H027A190107		-		
IDEA - Part B Section 611 - Special Education 129	84.027	H027A200107		519,421		
IDEA - Part B Section 611 - Special Education 229	84.027	H027A210107		1,658,889		
IDEA - Part B Section 611 - Special Education 329	84.027	H027A220107		54,686		2,232,996
Flow-through CEIS/CCEIS		H027A220107		127,831		127,831
IDEA - Part B Section 619 - Special Education Preschool 213	84.173	H173A210112		109,443		
IDEA - Part B Section 619 - Special Education Preschool 313	84.173	H173A220112		10,995		120,438
Total Special Education Cluster				\$	2,481,265	
Elementary and Secondary Education Act (ESEA):						
Title III Part A - Language Acquisition State Grant 021	84.365	S265A190046		5,428		
Title III Part A - Language Acquisition State Grant 121	84.365	S265A200046		10,949		
Title III Part A - Language Acquisition State Grant 221	84.365	S265A210046		6,614		
Title III Part A - Language Acquisition State Grant 321	84.365	S265A220046		-		
Title III Part A - Immigrant and Youth 022	84.365	S365A190044		4,236		
Title III Part A - Immigrant and Youth 122	84.365	S365A200044		3,748		30,975
Title II - Part A - Supporting Effective Instruction State Grants 016	84.367	S367A190044		71,115		
Title II - Part A - Supporting Effective Instruction State Grants 116	84.367	S367A200044		39,472		
Title II - Part A - Supporting Effective Instruction State Grants 216	84.367	S367A210044		78,262		
Title II - Part A - Supporting Effective Instruction State Grants 316	84.367	S367A220044		375,276		564,125
Title IV - Student Support and Academic Enrichment 059	84.424	S424A190048		43,393		
Title IV - Student Support and Academic Enrichment 159	84.424	S424A200048		58,383		
Title IV - Student Support and Academic Enrichment 259	84.424	S424A210048		142,059		
Title IV - Student Support and Academic Enrichment 313	84.424	S424A220048		33,913		277,748
Vocational Education:						
Basic Grants to States	84.048	V048A220046		225,555		225,555
McKenney - Vento Homeless Education Assistance Improvements Act of 2001:						
Title X-C - No Child Left Behind Act 137	84.000	S196A200048		5,816		
Title X-C - No Child Left Behind Act 237	84.000	S196A210048		7,693		13,509
CARES						
CRRSA ESSER II	84.425	S425D210008		8,646,774		
Esser II SEL and Mental Health	84.425	S425D210008		30,754		
ESSER III	84.425	S425U210008		4,802,335		
ARP - ESSER III - RIPE	84.425	S425U210008		-		
Before & After School 283	84.425	S425U210008		-		
Unfinished Learning 283	84.425	S425U210008		62,108		
Summer Learning 283	84.425	S425U210008		141,139		
CARES ESSER I	84.425	S425D200008		1,026,544		
GEERS	84.425	S425D200008		130,250		
Bus Driver Recruitment and Retention	84.425	S425D210008		13,682		
HVAC-ARP-CSLFRF-CPVID19	84.425	SLFRP1026		-		14,853,586
	84.184H	S184H220230		131,054		131,054
Total Department of Education					\$	22,673,779

(Continued)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Granting Agency/ Recipient State Agency/ Grant Program	Assistance Listing Number (ALN)	Grant Agency Number Donated Food Received	Passed Through to Sub-Recipients	Federal Expenditures	Total Cluster	Total By ALN
<u>Primary Government</u>						
Department of Agriculture						
Passed through Commonwealth of Virginia:						
Department of Social Services:						
Child Nutrition Cluster - Juvenile Detention Home (Commodities)	10.555	16161VA347N2535		\$ 4,330		\$ 4,330
<u>Component Unit - Lynchburg Schools</u>						
Department of Agriculture						
Passed through Commonwealth of Virginia:						
Department of Education:						
Child Nutrition Cluster - National School Lunch Program (Commodities)	10.555	16161VA347N2535		<u>543,348</u>		<u>543,348</u>
TOTAL						<u>\$ 547,678</u>
TOTAL SEFA						<u>\$ 84,531,394</u>

CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
As of June 30, 2023

Note 1. Significant Accounting Policy

Basis of Accounting:

The accompanying schedule of federal awards is prepared on the modified accrual basis of accounting.

Note 2. Business Development Centre, Inc. – Revolving Loan Fund

The Centre administers the Economic Development Administration Special Economic Adjustment Assistance Revolving Loan Fund Program CFDA 11.307 (01-49-03245) on behalf of the City of Lynchburg. Loans under this program are subject to various restrictions as determined by the Economic Development Administration.

The Centre received the funds indicated as follows through the fiscal year ended June 30, 1998. No funds have been received since that date.

	Federal	State	Local
Amount received through June 30, 1993	\$ 45,000	\$ -	\$ 24,000
Amount received through June 30, 1994	127,836	-	33,612
Amount received through June 30, 1995	44,027	-	14,676
Amount received through June 30, 1996	108,201	-	36,067
Bad debt charge off for the year ended June 30, 1996	(3,005)	-	(1,002)
Amount received through June 30, 1997	10,268	-	3,423
Recapitalized from earnings for the year ended June 30, 1997	3,005	-	1,002
Amount received through June 30, 1998	159,668	40,000	13,222
	<u>\$ 495,000</u>	<u>\$ 40,000</u>	<u>\$ 125,000</u>

Note 3. Non-monetary Assistance

Non-monetary assistance is reported in the Schedule of Federal Awards at the fair market value of the food commodities.

Note 4. Indirect Costs

The City has elected to use the de minimis 10% cost rate for certain grants.

CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
As of June 30, 2023

Note 5. Subgrantees

The federal expenditures for the Community Development Block Grant, the Home Investment Trust, and the Workforce Investment Act Cluster programs include grants to subrecipients as follows:

Subrecipient	Community Development Block Grant	HOME Investment Partnerships Program	Workforce Investment Act Cluster
Coronavirus Relief Supplement	\$ 57,280	\$ -	\$ -
Habitat for Humanity	-	394,394	-
Lynchburg Community Action Group	-	-	-
Lynchburg Redevelopment & Housing Authority	112,426	-	-
Region 2000 Local Government Council	-	-	1,477,107
Miriam's House	65,378	-	-
Blue Ridge Mountains Council Boy Scouts	4,506	-	-
Rush Homes	-	761,368	-
	<u>\$ 239,590</u>	<u>\$ 1,155,762</u>	<u>\$ 1,477,107</u>

Note 6. Program Income

The City received \$36,660 in program income during FY2023 for the Community Development Block grant.

Note 7. Virginia Revolving Loan Fund (CFDA 66.458)

As of June 30, 2023, the City had an outstanding balance through the Virginia Revolving Loan Fund in the amount of \$28,000,000 which includes federal funded loans. Expenditures associated with federally funded loans in FY 2023 totaled \$944,677.

SCHEDULE 2

CITY OF LYNCHBURG, VIRGINIA

Schedule of Passenger Facility Charges As of June 30, 2023

Passenger Facility Charges and Disbursements:

	<u>July-Sept</u> <u>1st Quarter</u>	<u>Oct-Dec</u> <u>2nd Quarter</u>	<u>Jan-March</u> <u>3rd Quarter</u>	<u>April-June</u> <u>4th Quarter</u>	<u>Totals for Year</u>
Beginning Collections on Hand	\$ 51,547	\$ 38,554	\$ 47,401	\$ 33,428	\$ 51,547
Revenues					
Receipts	79,967	83,544	64,974	69,829	298,314
Interest	22	303	379	289	993
Total revenues received	79,989	83,847	65,353	70,118	299,307
Expenditures					
Application #5/6					
06-001 PFC Dev. & Admin	-	-	3,958	-	3,958
06-008 Extend RW 4-55 Constr	92,982	75,000	75,000	75,000	317,982
Total Application 5/6	92,982	75,000	78,958	75,000	321,940
Application #7					
07-001 ATCT - Design/Construct	-	-	-	-	-
07-004 PFC Dev. & Admin	-	-	368	-	368
Total Application 7	-	-	368	-	368
Total Expenditures	92,982	75,000	79,326	75,000	322,308
Ending Collections on Hand	\$ 38,554	\$ 47,401	\$ 33,428	\$ 28,546	\$ 28,546

SCHEDULE 3

Schedule of Expenditures of Passenger Facility Charges As of June 30, 2023

Expenditures of Passenger Facility Charges:

<u>Project</u>	<u>PFC</u> <u>Expenditures</u>
<u>Application 6 (12-06-C-00-LYH)</u>	
PFC Development & Admin Costs	\$ 3,958
"State" Expense Reimbursements	317,982
<u>Application 7 (17-07-C-00-LYH)</u>	
PFC Development & Admin Costs	368
Total PFC expenditures	<u>\$ 322,308</u>

The accompanying schedule of expenditures of passenger facility charges includes the passenger facility charge activity of the City, and is presented on the cash basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in preparation of, the basic financial statements.

STATISTICAL SECTION

STATISTICAL SECTION

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial condition.

CONTENTS

Pages

MISCELLANEOUS STATISTICAL DATA

This section provides additional information about the City, form of government, taxable subjects for local taxation, City's Fund Balance, Debt Management, Budget, and Investment policies. 161-166

FINANCIAL TRENDS

Tables 1-11 contain trend information to help the reader understand how the City's financial performance and well-being have changed over the time. 167-179

REVENUE CAPACITY

Tables 12-19 contain information to help the reader assess the City's most significant local revenue sources, property taxes. 180-187

DEBT CAPACITY

Tables 20-24 present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 188-192

DEMOGRAPHIC AND ECONOMIC INDICATORS

Tables 25-26 offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 193-194

OPERATING INFORMATION

Tables 27-30 contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs. 195-198

Source: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2023

DATE OF INCORPORATION

Lynchburg was founded by John Lynch in 1757, established as a town in October 1786, incorporated as a town on January 10, 1805 and received independent city status in 1852.

AREA OF CITY

The area of the City consists of 50.107 square miles.

POPULATION

United States Census 2016 (1)	79,531
United States Census 2017 (1)	80,380
United States Census 2018 (1).....	81,339
United States Census 2019 (1).....	80,783
United States Census 2020 (1).....	81,266
United States Census 2021 (1).....	80,054
United States Census 2022 (1).....	80,127

(1) Source: Weldon Cooper Center for Public Service,
www.coopercenter.org

FORM OF GOVERNMENT

Lynchburg is organized under the Council – Manager form of government. The City Council, comprised of seven members, is elected on either an at-large (3 members) or ward (4 members) representative basis for four-year staggered terms of office. From among the elected City Council members, they choose on or near July 1 of each election year by simple majority vote a Mayor, who serves a two-year term.

Appointed by the City Council, the City Manager serves as the chief administrative officer of the municipal corporation. The City Manager performs the City’s administrative and policy-related duties, directs business procedures and has the power of appointment and removal of the heads of all administrative departments as well as other employees of the City. The City Manager’s primary focus is on helping Council set priorities, interpreting City Council’s actions to the appropriate department, outside organizations and citizens, and providing professional leadership in executing the adopted policies of City Council.

SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY

By an Act of the General Assembly of Virginia, approved March 31, 1926, all real estate, tangible personal property, and machinery used for manufacturing purposes, were segregated to the City, and these subjects are not liable to any general tax except the City tax.

ASSESSMENTS

The City Assessor of real property appraises the market value of real estate on a biannual assessment cycle. The entire City is reviewed every other year (with values effective the first day of July of the odd years) and adjustments are made where necessary based upon market evidence indicating a change in the value.

The Commissioner of Revenue is required by law to assess vehicles and motorcycles by means of a recognized pricing guide. For most other personal property, the assessed value is based on a percentage of original cost.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2023
(Continued)

TAX RATES

The Commissioner of Revenue, as required by the *Code of Virginia*, assesses tangible personal property and machinery and tools. The City prorates personal property on a monthly basis.

Real Property:

- \$1.11 per \$100 assessed value: 2013-2023
- \$1.05 per \$100 assessed value: 2008-2012
- \$1.11 per \$100 assessed value: 1998-2007
- \$1.13 per \$100 assessed value: 1997
- \$1.16 per \$100 assessed value: 1995-1996
- \$1.18 per \$100 assessed value: 1990-1994

Tangible Personal Property:

- \$3.80 per \$100 assessed value: 2005-2023
- \$3.30 per \$100 assessed value: 1990-2004

Machinery and Tools:

- \$3.00 per \$100 assessed value: 1990-2023

Local Sales Tax:

- 1% + 4.3% VA tax: 2014-2023
- 1% + 4.0% VA tax: 2005-2013
- 1% + 3.5% VA tax: 1998-2004

Utility Consumers' Tax:

- Electricity:
 - Residential – the greater of: \$0.0046 for the first 1,000 kwh (or a fraction thereof) plus \$0.0026 for each kwh over the first 1,000 kwh, or 7% of the minimum monthly charge.
 - Commercial – the greater of: \$0.0048 for the first 1,000 kwh (or a fraction thereof) plus \$0.0092 for each kwh over the first 1,000 kwh, or 7% of the minimum monthly charge.
 - Industrial – the greater of: \$0.00375 for the first 1,000 kwh (or a fraction thereof) plus \$0.0026 for each kwh over the first 1,000 kwh, or 7% of the minimum monthly charge.

Business, Professional, and Occupational License:

- Effective January 1, 2023 the City of Lynchburg will no longer issue a Business License for any business with gross receipts/purchases of \$150,000 or less.
- If gross receipts/purchases are greater than \$150,000 the following schedule is utilized:
 - Retail merchants – \$0.20 per \$100 of gross receipts
 - Contractors – \$0.16 per \$100 of gross receipts
 - Business/personal service – \$0.36 per \$100 of gross receipts
 - Professional service – \$0.58 per \$100 of gross receipts
 - Wholesale merchants – \$20.00 plus \$0.28 per \$100 of gross purchases

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2023
(Continued)

TAX RATES
(Continued)

Motor Vehicle License:

- \$29.50 for vehicles weighing 4,000 pounds or less: 2005-2023
- \$34.50 for vehicles weighing greater than 4,000 pounds: 2005-2023
- \$25.00 for all types of vehicles: 1990-2004

Tobacco Tax:

- \$0.35 on pack of twenty cigarettes: 2004-2023
- \$0.15 on pack of twenty cigarettes: 1990-2003

Lodging Tax:

- A tax of 6.5% of the charge made for each room rented per night. In FY 2018, Lynchburg changed the lodging tax from 5.5% to 6.5% plus \$1 per room per night.

Meals Tax:

- A tax of 6.5% on prepared meals sold in the City in addition to Sales Tax. In FY 2005, Lynchburg changed the meals tax from 6.0% to 6.5%.

Ambulance Services:

- Basic Life Services
 - Non-emergency transport fee - \$350
 - Emergency transport fee - \$500
- Advanced Life Support
 - Non-emergency transport fee - \$600
 - Emergency transport fee - \$425
 - Emergency transport fee if three or more different medications combined with at least one Advanced Life Support procedure are administered- \$850
- A fee of \$12/mile is charged for each mile that the patient is transported
- A fee of \$100 is charged when the patient is evaluated and treated by emergency medical services personnel when no transport occurs.

TAXES DUE

Real estate taxes are levied as of the first day of July each year. Supplemental real estate taxes are levied throughout the year to reflect construction in progress during the fiscal year. Real estate taxes are payable in four quarterly installments on November 15, January 15, March 15, and May 15. If paid thereafter, a 10% penalty and interest at the rate of 10% per annum is added.

Personal property taxes are payable in two equal installments on June 5 and December 5. Supplemental billings for personal property acquisitions are due March 5 and September 5.

DELINQUENT TAXES

Real estate and personal property taxes are reported delinquent the day after the due date. Therefore, the day after each installment due date, if the taxes are unpaid, they are considered delinquent.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2023
(Continued)

OVERLAPPING AREAS AND DEBT

The City of Lynchburg is autonomous and entirely independent of any county or any other political subdivision of the state, being a separate and distinct political unit since 1852.

It is not coterminous with, nor subject to any county or school district taxation, and is not liable for any indebtedness other than its own. It has the power to levy taxes on all real and tangible personal property without limitation of rate or amount.

FUND BALANCE POLICY

The City council adopted a resolution in 1999 that was reaffirmed in 2010, revised in 2011, revised in 2013, revised in 2016, revised in 2019, and reaffirmed in 2023 which established major policy goal of maintaining the Unassigned General Fund Balance at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing. The Fund Balance Policy for the General Fund states:

- The City shall not use the Unassigned General Fund Balance to finance recurring operating expenditures.
- The City will maintain an Unassigned General Fund Balance (UGFB) equal to a minimum of 10% of General Fund revenues with a goal of 15% as the City strives to grow incrementally each year subject to revenues available. In the event the UGFB is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the Unassigned General Fund Balance to the previous level within three years.
- The City will balance moving towards the 15% targeted fund balance with its annual “Pay as you go” capital improvement requirements.

Enterprise Funds:

- **Water Fund:** Minimum ending fund balance shall not be less than 25% of total fund appropriations with a target balance of 40% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years.
- **Sewer Fund:** In accordance with the Virginia Department of Environmental Quality Special Order, the City shall annually adjust sewer system reserve funds to no more than 40% of the subsequent fiscal years’ budgeted operating expenses and debt service. Minimum ending fund balance shall not be less than 25% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years.
- **Stormwater Fund:** Minimum ending fund balance shall not be less than 15% of total fund appropriations with a target balance of 20% of total fund appropriations. In the event the ending fund balance falls below the minimum of 15% of total fund appropriations, the City shall restore the fund balance to the minimum of 15% within three years.

CITY OF LYNCHBURG, VIRGINIA

MISCELLANEOUS STATISTICAL DATA

June 30, 2023

(Continued)

DEBT MANAGEMENT POLICY

The City council adopted a resolution on August 10, 1999, which was reaffirmed in 2004, revised in 2010, revised in 2013, revised in 2016, revised in 2019 and reaffirmed in 2023, establishing guidelines for the planning, issuance and management of debt, for and on behalf of City of Lynchburg. The City will issue debt for the purpose of acquiring or constructing capital projects and for making major renovations to existing capital projects. The City shall comply with all its undertakings in accordance with Securities and Exchange Commission Rule 15c2-12 and will follow the Government Finance Officers' Association and Securities and Exchange Commission requirements for continuing disclosure. Two types of debt obligations are used by the City:

- Tax supported obligations are those that are expected to be repaid from the General Fund tax revenue of the City of Lynchburg. These include general obligation bonds (except self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in calculations of tax-supported bonds.
- Revenue-supported obligations are those for which the debt service is payable solely from the revenue generated from the operation of the project being financed or a category of facilities (i.e. water and sewer). These are not considered tax-supported debt of the City.

The City may use the Virginia Public School Authority (VPSA) or State Literary Fund loans to finance school capital projects. City bonds sold to the VPSA and Literary Fund loans constitute general obligation debt of the City. City Council shall approve any application to the VPSA or the Department of Education for a Literary Fund loan. City Council shall approve the issuance of the bonds as required by the Public Finance Act. The School Board shall recommend such financings before a proposed financing is brought to City Council for approval.

BUDGET POLICY

The City council adopted a resolution November 14, 2000 which was revised in 2008, reaffirmed in 2010, revised in 2013, revised in 2016, and reaffirmed in 2019 and 2023.

Principles

- Public participation in the budgetary process will be encouraged.
- The City will avoid dedicating revenue to a specific project or program because of the constraint this may place on flexibility in resource allocation except in instances where programs are expected to be self-sufficient or where revenue is dedicated to a program for statutory or policy reasons.
- The budget process will be coordinated in a way that major policy issues are identified for City Council several months prior to consideration of budget approval. This will allow adequate time for appropriate decisions and analysis of financial impacts.

QUARTERLY FINANCIAL REPORTING

The City Manager will present to the City Council's Finance Committee (with copies to the remainder of Council) quarterly financial reports identifying meaningful trends in revenues and expenditures for the General, Water, Stormwater and Sewer, Airport, Children's Services Act, Lynchburg Regional Juvenile Detention Center and Greater Lynchburg Transit Company Funds.

Third Quarter Review

In March, Budget staff will evaluate all expenditures and revenues as compared to budget and make recommendations to City Council regarding possible budget adjustments. Section 15.2-2507 of the *Code of Virginia* requires that a public hearing be held prior to City Council action when a proposed amendment of the budget exceeds one percent of the total expenditures shown in the currently adopted budget.

CITY OF LYNCHBURG, VIRGINIA

MISCELLANEOUS STATISTICAL DATA

June 30, 2023

(Continued)

INVESTMENT POLICY

The City council adopted an investment policy on September 25, 2001, which was revised in 2008, reaffirmed in 2010, revised in 2013, reaffirmed in 2016 and 2019, and revised in 2023, establishing specific requirements or limitations imposed upon the investment of Bond Proceeds, Debt Service Funds and Debt Service Reserve Funds. It is the policy of the City of Lynchburg that the investment and administration of its funds be made in accordance with the Code of Virginia Investment of Public Funds Act, the applicable provisions of any outstanding bond indebtedness, and this policy. It is the intent of the City to be in complete compliance with all applicable federal, state and local laws, and other regulations and statutes governing the investment of public funds. Within those parameters, the goal of this policy is to achieve the highest rate of return that is reasonable. The City will establish an Investment Committee consisting of the City Manager, Deputy City Manager, and Director of Financial Services. This Committee will provide broad policy oversight over investments. This policy will be reviewed on an annual basis. Any changes must be approved by the Investment Committee and be reaffirmed by City Council.

**NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 183,957,611	\$ 192,860,159	\$ 210,809,815	\$ 215,193,933	\$ 233,197,296	\$ 236,283,981	\$ 235,958,968	\$ 241,380,873	\$ 240,095,381	\$ 252,787,740
Restricted	15,935,153	9,483,640	4,879,215	2,743,988	2,929,713	3,540,436	3,232,537	3,497,836	3,300,380	2,310,836
Unrestricted	69,801,835	(20,298,752)	(26,991,866)	(29,668,951)	(119,179,431)	(106,684,248)	(91,350,597)	(71,751,034)	(35,063,679)	15,423,616
Total governmental activities net position	<u>\$ 269,694,599</u>	<u>\$ 182,045,047</u>	<u>\$ 188,697,164</u>	<u>\$ 188,268,970</u>	<u>\$ 116,947,578</u>	<u>\$ 133,140,169</u>	<u>\$ 147,840,908</u>	<u>\$ 173,127,675</u>	<u>\$ 208,332,082</u>	<u>\$ 270,522,192</u>
Business-type activities										
Net investment in capital assets	\$ 196,909,298	\$ 205,192,151	\$ 209,526,622	\$ 218,449,553	\$ 224,892,828	\$ 235,078,795	\$ 250,754,162	\$ 250,988,554	\$ 258,965,814	\$ 263,568,578
Restricted	8,433	7,231	3,478	108,833	46,465	3,621	53,350	53,539	51,547	28,545
Unrestricted	20,968,416	10,828,849	16,266,676	16,867,521	7,589,878	12,507,989	12,477,023	22,052,865	26,356,473	36,049,246
Total business-type activities net position	<u>\$ 217,886,147</u>	<u>\$ 216,028,231</u>	<u>\$ 225,796,776</u>	<u>\$ 235,425,907</u>	<u>\$ 232,529,171</u>	<u>\$ 247,590,405</u>	<u>\$ 263,284,535</u>	<u>\$ 273,094,958</u>	<u>\$ 285,373,834</u>	<u>\$ 299,646,369</u>
Primary government										
Net investment in capital assets	\$ 380,866,909	\$ 398,052,310	\$ 420,336,437	\$ 433,643,486	\$ 458,090,124	\$ 471,362,776	\$ 486,713,130	\$ 492,369,427	\$ 499,061,195	\$ 516,356,318
Restricted	15,943,586	9,490,871	4,882,693	2,852,821	2,976,178	3,544,057	3,285,887	3,551,375	3,351,927	2,339,381
Unrestricted	90,770,251	(9,469,903)	(10,725,190)	(12,801,430)	(111,589,553)	(94,176,259)	(78,873,574)	(49,698,169)	(8,707,206)	51,472,862
Total primary government net position	<u>\$ 487,580,746</u>	<u>\$ 398,073,278</u>	<u>\$ 414,493,940</u>	<u>\$ 423,694,877</u>	<u>\$ 349,476,749</u>	<u>\$ 380,730,574</u>	<u>\$ 411,125,443</u>	<u>\$ 446,222,633</u>	<u>\$ 493,705,916</u>	<u>\$ 570,168,561</u>

Note 1: GASB Statement No. 68 was adopted in Fiscal Year 2015.

Note 2: GASB Statement No. 75 was adopted in Fiscal Year 2018.

**CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
General Government	\$ 13,291,661	\$ 13,675,189	\$ 14,564,945	\$ 15,669,122	\$ 15,034,844	\$ 13,734,751	\$ 14,379,320	\$ 16,049,250	\$ 14,375,451	\$ 16,333,475
Judicial	6,518,627	6,245,737	6,294,658	6,719,652	6,596,638	6,673,671	6,499,282	6,815,593	6,783,137	7,125,161
Public Safety	48,816,945	48,732,161	48,490,912	50,797,418	49,506,763	49,901,450	49,480,578	50,913,682	49,446,622	59,028,000
Public Works	29,261,348	24,846,090	26,656,472	28,964,652	28,254,520	29,588,360	29,026,793	27,411,647	28,546,799	31,199,359
Health and Human Services	25,805,934	27,317,037	28,802,640	29,306,224	28,447,078	28,193,609	30,842,359	31,485,493	29,917,851	32,786,726
Culture and Recreation	9,001,804	9,771,210	10,090,164	11,126,401	10,551,172	10,792,828	10,353,308	11,327,151	11,755,843	12,667,898
Community Development	6,730,055	6,742,294	7,764,713	6,216,395	6,423,270	6,618,561	6,420,082	9,107,983	6,553,744	7,398,674
Education	42,640,199	42,608,354	52,163,773	50,225,729	46,418,469	45,787,500	45,019,250	48,894,927	45,367,275	46,904,280
Interest Payments and Fiscal Charges	4,721,429	6,317,148	7,012,279	7,354,890	6,876,234	7,000,819	6,157,813	5,225,235	5,788,846	6,030,025
Issuance Costs	204,180	875,409	268,267	-	346,067	-	744,889	118,668	-	314,600
Total governmental activities expenses	186,992,182	187,130,629	202,108,823	206,380,483	198,455,055	198,291,549	198,923,674	207,349,629	198,535,568	219,788,198
Business-type activities:										
Stormwater	2,542,077	1,988,044	2,250,406	2,303,672	2,796,349	3,114,545	3,335,424	3,287,239	3,746,417	3,835,023
Airport	4,370,888	4,572,562	4,590,497	4,793,694	4,734,183	5,019,188	5,134,437	5,322,098	5,604,299	5,478,548
Water	12,867,800	13,192,403	14,392,767	13,767,772	14,801,886	14,845,315	15,046,373	14,158,717	14,239,005	16,073,660
Sewer	17,350,599	18,408,180	19,032,652	19,382,060	19,689,327	20,301,884	21,004,040	22,199,335	24,398,177	26,871,087
Total business-type activities expenses	37,131,364	38,161,189	40,266,322	40,247,198	42,021,745	43,280,932	44,520,274	44,967,389	47,987,898	52,258,318
Total primary government expenses	\$ 224,123,546	\$ 225,291,818	\$ 242,375,145	\$ 246,627,681	\$ 240,476,800	\$ 241,572,481	\$ 243,443,948	\$ 252,317,018	\$ 246,523,466	\$ 272,046,516

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenues (see Table 3)										
Governmental Activities:										
Charges for services:										
General government	\$ 460,961	\$ 505,564	\$ 521,930	\$ 529,426	\$ 533,921	\$ 675,679	\$ 586,554	\$ 582,252	\$ 828,663	\$ 851,443
Judicial	816,341	785,268	807,987	628,411	558,501	445,007	581,557	448,904	418,146	1,420,972
Public safety	6,629,609	6,419,638	6,566,743	5,881,973	6,432,759	6,526,492	6,249,834	6,597,181	6,613,570	8,066,769
Public works	1,806,816	1,304,063	1,310,028	1,540,998	1,291,023	1,334,424	1,826,242	2,048,826	2,912,898	3,073,903
Health and human services	2,503,303	2,452,554	2,817,336	2,837,112	3,174,813	2,967,498	2,785,781	2,853,616	2,970,167	3,436,132
Cultural and Recreational	684,094	776,379	860,612	955,311	905,158	927,578	770,955	647,351	988,256	1,032,872
Community development	2,422,730	1,172,941	1,352,602	1,120,860	1,249,908	1,913,803	1,355,950	1,238,625	1,599,327	1,703,563
Education	-	-	-	-	-	-	-	-	9,513	-
Operating Grants and Contributions	40,032,827	42,055,609	43,418,231	44,712,908	44,119,995	44,733,375	46,966,908	61,690,682	49,640,088	53,409,922
Capital Grants and Contributions	2,407,771	1,516,624	12,039,460	6,501,142	18,953,042	8,265,018	4,217,888	4,218,171	2,242,135	6,095,825
Total governmental activities program services	57,764,452	56,988,640	69,694,929	64,708,141	77,219,120	67,788,874	65,341,669	80,325,608	68,222,763	79,091,401
Business-type activities:										
Charges for services:										
Stormwater	3,124,545	3,268,776	3,209,504	3,208,044	3,212,572	3,227,746	3,265,521	3,197,089	3,495,968	3,587,623
Airport	2,235,749	2,254,531	2,446,873	2,522,138	2,470,025	2,775,975	2,533,763	2,114,485	2,635,988	2,955,151
Water	13,478,920	14,703,923	14,811,555	15,177,716	15,362,052	15,127,793	15,564,799	15,725,568	16,130,624	16,693,515
Sewer	19,763,592	20,216,758	21,264,506	22,640,530	22,635,664	23,723,563	23,231,507	24,695,077	25,879,520	28,268,219
Operating Grants and Contributions	810,040	417,601	409,592	394,959	395,048	397,320	1,119,787	2,843,139	2,876,820	2,891,383
Capital Grants and Contributions	5,697,350	6,601,428	7,416,609	5,326,856	5,871,418	11,794,517	12,863,845	5,797,854	8,959,209	2,623,088
Total business-type activities program revenues	45,110,196	47,463,017	49,558,639	49,270,243	49,946,779	57,046,914	58,579,222	54,373,212	59,978,129	57,018,979
Total primary government program revenues	\$ 102,874,648	\$ 104,451,657	\$ 119,253,568	\$ 113,978,384	\$ 127,165,899	\$ 124,835,788	\$ 123,920,891	\$ 134,698,820	\$ 128,200,892	\$ 136,110,380
Net (Expense) Revenue										
Governmental Activities	\$ (129,227,730)	\$ (130,141,989)	\$ (132,413,894)	\$ (141,672,342)	\$ (121,235,935)	\$ (130,502,675)	\$ (133,582,005)	\$ (127,024,021)	\$ (130,312,805)	\$ (140,696,797)
Business-type Activities	7,978,832	9,301,828	9,292,317	9,023,045	7,925,034	13,765,982	14,058,948	9,405,823	11,990,231	4,760,661
Total Primary Government Net Expenses	\$ (121,248,898)	\$ (120,840,161)	\$ (123,121,577)	\$ (132,649,297)	\$ (113,310,901)	\$ (116,736,693)	\$ (119,523,057)	\$ (117,618,198)	\$ (118,322,574)	\$ (135,936,136)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 74,994,389	\$ 75,714,767	\$ 77,654,736	\$ 78,396,772	\$ 79,798,396	\$ 81,396,201	\$ 85,485,322	\$ 87,068,948	\$ 93,778,345	\$ 96,269,352
Local sales and use taxes	13,842,292	15,006,326	14,995,131	15,351,347	15,282,741	15,913,730	16,478,533	18,586,355	20,685,254	21,956,963
Meals taxes	12,549,321	13,756,602	14,188,513	14,881,552	14,097,828	14,958,842	13,540,536	15,114,569	17,916,644	19,550,773
Consumer utility taxes	4,738,343	4,575,492	4,660,389	4,569,906	4,768,971	4,673,911	4,527,250	4,581,154	4,733,521	4,452,989
Business license taxes	8,580,699	8,219,996	8,826,486	9,377,091	8,736,403	9,503,954	9,685,320	9,522,473	10,270,020	11,079,681
Communications sales and use taxes	3,412,734	3,382,915	3,282,767	3,202,076	3,101,975	2,877,715	2,812,099	2,497,779	2,424,362	2,354,000
Other taxes	6,638,042	6,785,275	6,862,577	7,137,128	7,397,005	7,745,217	6,672,235	6,897,558	8,387,255	8,529,742
Unrestricted intergovernmental	6,240,433	6,223,664	6,291,034	6,292,632	6,330,816	6,415,005	6,330,695	6,535,819	6,445,454	39,758,359
Interest	295,656	312,688	477,313	504,776	889,609	1,642,727	1,375,991	155,574	(412,442)	4,687,941
IRS interest subsidy - Build America bonds	270,332	272,388	272,975	273,563	273,856	274,884	137,736	-	-	-
Miscellaneous	1,480,036	2,141,167	1,374,166	1,164,928	1,060,093	733,225	1,028,422	859,247	960,543	1,521,111
Transfers	(218,809)	(60,658)	-	-	(135,751)	154,228	-	-	(24,000)	(7,500,000)
Gain (Loss) on sale of assets	165,312	324,443	179,924	92,377	588,918	405,627	208,605	491,312	352,256	225,996
Total governmental activities	132,988,780	136,655,065	139,066,011	141,244,148	142,190,860	146,695,266	148,282,744	152,310,788	165,517,212	202,886,907
Business-type activities:										
Interest	132,701	96,910	136,484	231,789	546,939	1,064,934	916,795	179,790	70,680	1,857,112
IRS interest subsidy - Build America Bonds	273,896	275,978	276,573	277,168	277,466	278,508	139,551	-	-	-
Miscellaneous	22,332	22,966	56,305	90,785	93,369	90,949	500,294	210,838	182,058	132,794
Transfers	218,809	60,658	-	-	135,751	(154,228)	-	-	24,000	7,500,000
Gain (loss) on sale of assets	12,967	9,825	6,866	6,344	47,162	15,089	78,542	13,972	11,907	21,968
Total business-type activities	660,705	466,337	476,228	606,086	1,100,687	1,295,252	1,635,182	404,600	288,645	9,511,874
Total primary government	\$ 133,649,485	\$ 137,121,402	\$ 139,542,239	\$ 141,850,234	\$ 143,291,547	\$ 147,990,518	\$ 149,917,926	\$ 152,715,388	\$ 165,805,857	\$ 212,398,781
Changes in Net Position										
Governmental activities	\$ 3,761,050	\$ 6,513,076	\$ 6,652,117	\$ (428,194)	\$ 20,954,925	\$ 16,192,591	\$ 14,700,739	\$ 25,286,767	\$ 35,204,407	\$ 62,190,110
Business-type activities	8,639,537	9,768,165	9,768,545	9,629,131	9,025,721	15,061,234	15,694,130	9,810,423	12,278,876	14,272,535
Total primary government	\$ 12,400,587	\$ 16,281,241	\$ 16,420,662	\$ 9,200,937	\$ 29,980,646	\$ 31,253,825	\$ 30,394,869	\$ 35,097,190	\$ 47,483,283	\$ 76,462,645

**PROGRAM REVENUES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function/Program										
Governmental Activities:										
General government	\$ 772,920	\$ 822,568	\$ 6,315,850	\$ 852,147	\$ 14,731,586	\$ 1,296,467	\$ 990,778	\$ 2,281,911	\$ 1,488,144	\$ 1,301,317
Judicial	4,705,330	4,556,364	4,613,026	4,528,778	4,494,336	4,366,657	4,486,505	4,442,397	4,719,983	6,026,174
Public safety	12,655,192	12,043,156	12,167,299	12,562,382	12,682,717	13,101,997	13,328,228	18,895,845	13,532,229	15,036,459
Public works	13,736,037	13,462,198	18,900,766	19,394,584	17,786,121	20,888,553	17,410,171	18,586,893	17,037,159	20,506,810
Health and human services	21,009,420	22,626,330	23,708,853	24,089,638	24,012,556	23,752,553	24,828,227	25,788,088	26,464,286	28,260,751
Cultural and recreational	1,335,292	1,010,645	1,153,738	1,201,444	1,177,805	1,193,224	1,894,496	1,941,303	1,398,721	1,344,686
Community development	3,550,261	2,467,379	2,755,042	1,943,831	2,213,229	2,864,423	2,403,264	6,381,727	3,167,257	3,649,829
Education	-	-	80,355	135,337	120,770	325,000	-	2,007,444	414,984	2,965,375
Subtotal governmental activities	<u>57,764,452</u>	<u>56,988,640</u>	<u>69,694,929</u>	<u>64,708,141</u>	<u>77,219,120</u>	<u>67,788,874</u>	<u>65,341,669</u>	<u>80,325,608</u>	<u>68,222,763</u>	<u>79,091,401</u>
Business-type activities:										
Stormwater	3,774,545	3,543,776	3,484,504	3,572,102	4,042,606	3,502,746	4,096,871	3,903,728	3,861,250	3,891,437
Airport	5,214,040	5,786,312	5,163,799	5,786,943	4,913,857	5,312,847	6,696,743	9,045,487	12,151,471	7,946,535
Water	13,492,023	14,708,923	15,174,472	15,387,716	15,362,052	15,397,448	15,568,073	15,725,568	16,130,624	16,693,515
Sewer	22,629,588	23,424,006	25,735,864	24,523,482	25,628,264	32,833,873	32,217,535	25,698,429	27,834,784	28,487,492
Subtotal business-type activities	<u>45,110,196</u>	<u>47,463,017</u>	<u>49,558,639</u>	<u>49,270,243</u>	<u>49,946,779</u>	<u>57,046,914</u>	<u>58,579,222</u>	<u>54,373,212</u>	<u>59,978,129</u>	<u>57,018,979</u>
Total primary government	<u>\$ 102,874,648</u>	<u>\$ 104,451,657</u>	<u>\$ 119,253,568</u>	<u>\$ 113,978,384</u>	<u>\$ 127,165,899</u>	<u>\$ 124,835,788</u>	<u>\$ 123,920,891</u>	<u>\$ 134,698,820</u>	<u>\$ 128,200,892</u>	<u>\$ 136,110,380</u>

TABLE 4

**FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ 14,401,700	\$ 14,093,629	\$ -	\$ -	\$ -	\$ -
Committed	15,237,982	14,803,075	12,139,666	13,970,703	12,739,188	15,920,227	16,944,527	14,606,255	14,477,110	15,738,181
Assigned	5,029,549	6,118,051	5,232,752	3,838,602	8,071,697	9,083,748	10,054,580	9,693,184	9,576,402	12,516,535
Unassigned	33,878,501	32,089,924	25,589,098	27,147,729	29,197,526	29,364,685	34,579,844	49,771,343	66,394,917	68,092,249
Total General Fund	<u>\$ 54,146,032</u>	<u>\$ 53,011,050</u>	<u>\$ 42,961,516</u>	<u>\$ 44,957,034</u>	<u>\$ 64,410,111</u>	<u>\$ 68,462,289</u>	<u>\$ 61,578,951</u>	<u>\$ 74,070,782</u>	<u>\$ 90,448,429</u>	<u>\$ 96,346,965</u>
All Other Governmental Funds										
Nonspendable	\$ 400,000	\$ 350,000	\$ 300,000	\$ 250,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	15,935,152	9,483,641	4,879,215	2,743,988	2,929,713	3,540,436	3,232,537	3,497,836	3,300,380	2,310,836
Committed	13,852,139	68,602,388	52,840,854	33,170,926	21,141,975	17,551,255	44,853,501	35,302,180	26,581,307	79,045,260
Assigned	100,012	100,012	100,012	100,012	100,012	122,328	-	-	-	234
Unassigned	-	(50,067)	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 30,287,303</u>	<u>\$ 78,485,974</u>	<u>\$ 58,120,081</u>	<u>\$ 36,264,926</u>	<u>\$ 24,371,700</u>	<u>\$ 21,214,019</u>	<u>\$ 48,086,038</u>	<u>\$ 38,800,016</u>	<u>\$ 29,881,687</u>	<u>\$ 81,356,330</u>

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$125,237,029	\$127,770,651	\$130,022,195	\$132,895,836	\$134,835,168	\$137,222,286	\$139,065,653	\$144,180,960	\$157,712,379	\$164,305,615
Regulatory licenses, permits and privilege fees	1,068,270	1,000,222	1,108,694	1,071,926	1,101,285	1,106,893	1,162,650	980,572	1,266,228	1,386,510
Intergovernmental	48,326,225	49,874,673	55,070,162	55,784,306	55,565,967	57,603,524	57,356,173	71,914,607	57,937,519	99,049,715
Fines and forfeitures	634,485	637,417	570,242	505,829	406,905	363,010	323,366	319,307	263,529	301,250
Revenue from use of money and property	702,100	820,000	1,051,355	1,243,844	1,496,011	2,296,990	2,003,967	838,458	291,796	5,101,989
Charges for services	15,916,305	14,365,457	14,484,302	13,397,141	14,716,870	15,500,824	14,934,876	15,501,347	17,231,881	19,254,592
Miscellaneous	2,516,916	2,807,317	3,033,445	3,317,877	1,808,108	3,636,735	1,300,132	1,323,168	1,316,965	1,965,807
Total revenues	194,401,330	197,275,737	205,340,395	208,216,759	209,930,314	217,730,262	216,146,817	235,058,419	236,020,297	291,365,478
Expenditures										
General government	14,289,462	16,152,572	16,255,049	16,987,863	17,359,357	16,547,404	17,235,539	18,747,740	18,121,052	20,360,967
Judicial	5,758,228	5,717,080	5,654,176	6,042,746	6,201,171	6,326,561	6,295,896	6,491,200	6,922,706	7,269,495
Public Safety	46,660,711	48,818,343	48,233,548	49,659,468	50,284,130	51,881,221	51,550,558	52,351,968	54,518,372	63,787,826
Public Works	22,150,384	18,097,502	19,790,108	20,593,526	20,211,943	21,227,308	20,678,139	18,739,719	20,944,237	23,881,442
Health and human services	25,328,758	27,443,758	28,554,889	28,892,687	28,900,411	28,731,703	31,511,665	31,869,858	32,012,799	35,097,151
Cultural and recreational	7,611,982	8,821,557	8,928,603	9,623,473	8,910,592	9,428,732	9,079,179	9,830,865	10,636,191	11,493,956
Community development	6,519,328	6,681,436	7,623,841	5,995,399	6,385,505	6,578,169	6,413,185	9,040,985	6,885,262	7,735,839
Education	36,856,139	37,562,551	42,897,772	43,216,739	39,017,813	38,318,576	37,423,267	42,161,777	39,140,844	40,972,185
Capital Outlay										
Capital general government (1)	22,238,043	53,408,143	56,618,269	29,017,350	19,728,578	21,053,810	21,721,700	26,541,658	25,332,880	32,961,878
Debt Services										
Principal Retirement	9,689,223	10,296,872	10,134,827	10,972,265	10,678,219	11,719,848	17,285,515	11,258,024	11,285,733	19,510,421
Interest payments and other fiscal charges	4,683,175	7,435,810	7,306,428	7,324,880	7,407,067	7,390,213	6,517,496	6,660,521	6,471,676	6,131,640
Issuance costs	204,180	875,409	268,267	-	346,067	-	744,889	118,668	-	314,600
Total expenditures	201,989,613	241,311,033	252,265,777	228,326,396	215,430,853	219,203,545	226,457,028	233,812,983	232,271,752	269,517,400
Excess (deficiency) of revenues over expenditures	(7,588,283)	(44,035,296)	(46,925,382)	(20,109,637)	(5,500,539)	(1,473,283)	(10,310,211)	1,245,436	3,748,545	21,848,078
Other financing sources (uses)										
Proceeds from debt issues	-	83,225,000	15,680,000	-	182,562	2,274,450	40,931,365	2,330,131	1,553,482	42,313,228
Premium on debt proceeds	-	7,792,446	1,505,630	-	-	-	3,691,148	-	-	3,591,482
Issuance of refunding bonds	8,000,638	23,292,975	7,243,402	-	15,221,555	-	-	9,196,740	-	-
Premium on refunding debt issuance	-	-	909,464	-	1,700,762	-	-	2,018,070	-	-
Payments to escrow agent	-	(23,114,836)	(8,065,760)	-	(2,160,352)	-	(13,850,000)	(9,358,669)	-	-
Refunded bond principal payments	-	-	-	-	-	-	-	(1,733,158)	-	-
Capital contributions	-	-	-	-	-	-	-	-	-	-
Lease financing	-	-	-	-	-	-	-	-	2,801,592	104,333
Transfers in	9,978,763	11,606,390	15,442,682	6,456,092	4,746,481	7,642,818	7,345,416	7,465,685	9,806,494	37,660,172
Transfers out	(10,230,878)	(11,702,990)	(16,205,463)	(6,206,092)	(6,630,618)	(7,549,488)	(7,819,037)	(7,958,426)	(10,450,795)	(48,144,114)
Total other financing sources (uses)	7,748,523	91,098,985	16,509,955	250,000	13,060,390	2,367,780	30,298,892	1,960,373	3,710,773	35,525,101
Net change in fund balances	\$ 160,240	\$ 47,063,689	\$ (30,415,427)	\$ (19,859,637)	\$ 7,559,851	\$ 894,497	\$ 19,988,681	\$ 3,205,809	\$ 7,459,318	\$ 57,373,179
Debt Service as a percentage of noncapital expenditures (2)	8.00%	9.44%	8.91%	9.18%	9.24%	9.64%	11.63%	8.64%	8.58%	10.84%

(1) Beginning with restating FY 2006, and going forward, capital outlay was adjusted to reflect all capital expenditures. The functional categories of current expenditures were adjusted to reflect the reduction for capital expenditures already reported.

(2) The Debt Service ratio has been updated to only include the principal and interest components of debt service expenditures in the ratio.

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Taxes	\$ 125,237,029	\$ 127,770,651	\$ 130,022,195	\$ 132,895,836	\$ 134,835,168	\$ 137,222,286	\$ 139,065,653	\$ 144,180,960	\$ 157,712,379	\$ 164,305,615
Regulatory licenses, permits, and privilege fees	1,068,270	1,000,222	1,108,694	1,071,926	1,101,285	1,106,893	1,162,650	980,572	1,266,228	1,386,510
Intergovernmental	34,333,156	34,604,123	36,644,986	37,432,488	36,917,105	37,433,967	38,090,501	38,592,078	39,843,467	74,208,652
Fines & forfeitures	634,485	637,417	570,242	505,829	406,905	363,010	323,366	319,307	263,529	301,250
Revenues from use of money & property	640,544	697,756	916,257	1,125,893	1,434,901	2,213,643	1,908,132	753,752	242,292	4,414,051
Charges for services	10,555,494	10,750,591	10,356,244	9,938,717	10,743,235	10,970,514	11,168,427	11,334,318	13,025,106	14,462,495
Miscellaneous	1,150,545	1,154,870	1,234,853	1,050,756	1,380,263	781,049	1,052,246	821,512	835,869	1,177,840
Total revenues	173,619,523	176,615,630	180,853,471	184,021,445	186,818,862	190,091,362	192,770,975	196,982,499	213,188,870	260,256,413
Expenditures:										
Current operating expenditures:										
General government	14,507,532	16,298,894	16,490,338	17,106,909	17,389,996	16,893,676	17,521,050	17,925,675	17,896,501	20,969,644
Judicial	4,655,974	4,696,403	4,788,676	4,832,773	5,032,655	5,088,929	5,176,741	5,255,436	5,516,524	5,754,828
Public safety	42,455,002	44,421,121	44,391,282	45,274,306	46,414,215	47,769,024	47,642,493	42,690,099	50,078,262	59,250,368
Public works	16,403,344	14,600,543	16,009,423	16,364,853	15,920,299	17,926,578	16,707,843	17,156,557	17,428,616	21,119,869
Health and human services	19,184,011	19,825,954	21,018,515	21,401,062	21,441,064	21,133,854	22,938,513	22,746,911	23,106,733	24,632,938
Cultural & recreational	7,479,777	8,558,412	8,394,652	9,034,143	8,825,071	9,320,532	8,906,758	8,926,841	9,925,705	11,321,205
Community development	4,283,676	4,819,261	4,590,547	3,804,380	4,817,967	5,041,335	4,905,846	3,462,940	4,867,147	5,220,220
Education	35,709,226	36,389,604	42,691,567	42,943,004	38,894,037	38,257,161	37,411,557	40,002,658	39,128,643	40,787,588
Capital outlay:										
Capital general government	-	-	-	-	649,712	37,309	12,102	810,907	3,597,518	139,091
Debt service:										
Principal retirements	9,359,924	9,959,146	9,837,962	10,683,800	10,416,914	10,649,783	17,254,960	11,250,149	11,276,319	19,500,638
Interest payments and other fiscal charges	4,544,745	7,276,813	7,281,382	7,294,605	7,380,164	7,321,643	6,514,725	6,658,383	6,468,169	6,128,493
Issuance costs	204,180	443,933	171,746	-	346,067	-	374,779	118,505	-	230,542
Total expenditures	158,787,391	167,290,084	175,666,090	178,739,835	177,528,161	179,439,824	185,367,367	177,005,061	189,290,137	215,055,424
Excess of revenues over expenditures	14,832,132	9,325,546	5,187,381	5,281,610	9,290,701	10,651,538	7,403,608	19,977,438	23,898,733	45,200,989
Other financing sources (uses):										
Issuance of bonds	57,468	412,470	83,298	-	103,342	-	6,138,453	-	-	7,925,739
Premium on debt proceeds	-	-	-	-	1,700,762	-	593,822	-	-	726,179
Issuance of refunding bonds	-	22,823,100	8,152,866	-	15,221,555	-	-	9,124,115	-	-
Premium on refunding debt issuance	-	-	-	-	-	-	-	2,002,105	-	-
Refunded bond principal payments	-	-	-	-	-	-	-	(1,644,732)	-	-
Payments to escrow agent	-	(22,647,772)	(8,065,760)	-	(2,160,352)	-	(13,850,000)	(9,358,669)	-	-
Lease financing	-	-	-	-	-	-	-	-	2,794,413	104,333
Transfers in	4,761	325,036	366,572	1,585,000	252,397	643,814	274,908	175,000	65,000	25,000
Transfers out	(10,162,474)	(11,373,362)	(15,773,891)	(4,871,092)	(4,955,328)	(7,243,174)	(7,444,129)	(7,783,426)	(10,380,499)	(48,083,704)
Total other financing sources (uses)	(10,100,245)	(10,460,528)	(15,236,915)	(3,286,092)	10,162,376	(6,599,360)	(14,286,946)	(7,485,607)	(7,521,086)	(39,302,453)
Net changes in fund balances	4,731,887	(1,134,982)	(10,049,534)	1,995,518	19,453,077	4,052,178	(6,883,338)	12,491,831	16,377,647	5,898,536
Fund balance - beginning, as restated	49,414,145	54,146,032	53,011,050	42,961,516	44,957,034	64,410,111	68,462,289	61,578,951	74,070,782	90,448,429
Fund balance - ending	\$ 54,146,032	\$ 53,011,050	\$ 42,961,516	\$ 44,957,034	\$ 64,410,111	\$ 68,462,289	\$ 61,578,951	\$ 74,070,782	\$ 90,448,429	\$ 96,346,965

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SCHOOL FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Intergovernmental	\$ 80,213,734	\$ 84,423,859	\$ 89,797,227	\$ 93,028,379	\$ 90,439,558	\$ 91,790,234	\$ 90,816,094	\$ 99,931,412	\$ 98,783,518	\$ 106,515,754
Revenue from use of money & property	-	-	-	-	-	-	-	-	-	-
Charges for services	1,471,332	1,169,484	1,491,359	1,820,727	1,640,533	1,723,917	2,706,961	464,205	510,448	492,565
Miscellaneous	520,942	726,730	1,365,368	412,650	632,056	803,639	1,432,973	321,090	1,022,427	1,429,395
Total revenues	82,206,008	86,320,073	92,653,954	95,261,756	92,712,147	94,317,790	94,956,028	100,716,707	100,316,393	108,437,714
Expenditures:										
Education:										
Instruction	57,686,592	61,909,077	65,839,840	68,909,218	67,276,868	66,430,018	68,039,938	68,140,244	68,296,053	70,472,281
Administration, attendance, and health	5,581,280	4,865,032	5,426,428	5,717,931	6,376,477	5,675,250	5,953,847	7,208,116	7,983,324	9,239,258
Pupil transportation services	4,690,144	4,828,845	4,762,678	5,016,591	5,335,508	5,668,771	5,322,011	4,302,460	5,659,041	6,840,626
Operations and maintenance	9,497,568	10,665,930	10,485,381	10,157,853	10,296,919	10,899,422	10,554,930	10,945,726	11,539,043	12,758,198
Food service and other	16,087	24,670	21,358	12,153	16,691	15,344	8,986	30,194	19,510	18,155
Facilities	20,365	10,163	14,825	20,758	26,138	20,959	18,434	175	2,288	2,751
Technology	3,244,460	3,525,049	3,230,426	3,034,004	3,060,199	3,104,473	3,748,479	6,280,494	5,940,881	7,536,584
Capital outlay	862,639	742,418	2,813,555	1,147,768	1,445,076	1,759,244	1,070,693	2,740,740	1,690,511	771,916
Debt service:										
Principal retirements	109,353	-	-	-	-	-	-	-	-	-
Interest payments	970	-	-	-	-	-	-	-	-	-
Total expenditures	81,709,458	86,571,184	92,594,491	94,016,276	93,833,876	93,573,481	94,717,318	99,648,149	101,130,651	107,639,769
Excess (deficiency) of revenues over expenditures	496,550	(251,111)	59,463	1,245,480	(1,121,729)	744,309	238,710	1,068,558	(814,258)	797,945
Other financing sources (uses):										
Transfers in (out)	-	-	-	-	-	-	-	(229,754)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(229,754)	-	-
Net change in fund balances	496,550	(251,111)	59,463	1,245,480	(1,121,729)	744,309	238,710	838,804	(814,258)	797,945
Fund balance - beginning	210,595	707,145	456,034	515,497	1,760,977	639,248	1,383,557	1,622,267	2,461,071	1,646,813
Fund balance - ending	\$ 707,145	\$ 456,034	\$ 515,497	\$ 1,760,977	\$ 639,248	\$ 1,383,557	\$ 1,622,267	\$ 2,461,071	\$ 1,646,813	\$ 2,444,758

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
WATER FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating revenues:										
Charges for services and other operating revenues	\$ 13,478,920	\$ 14,703,923	\$ 14,811,555	\$ 15,177,716	\$ 15,362,052	\$ 15,127,793	\$ 15,564,799	\$ 15,725,568	\$ 16,130,624	\$ 16,693,515
Total operating revenues	13,478,920	14,703,923	14,811,555	15,177,716	15,362,052	15,127,793	15,564,799	15,725,568	16,130,624	16,693,515
Operating expenses:										
Personal services and benefits	4,345,690	4,350,457	5,061,596	5,173,210	4,779,528	5,076,126	5,960,956	5,896,481	4,804,038	6,110,702
Operation and maintenance	1,453,789	1,550,252	1,788,171	945,920	1,750,445	1,301,725	1,269,534	1,272,141	1,873,850	1,670,452
Supplies and materials	1,218,645	1,210,601	1,229,613	1,378,106	1,435,848	1,362,100	1,210,432	973,583	1,152,654	1,379,085
Administration	1,308,718	1,462,335	1,335,499	1,196,167	1,431,196	1,550,316	1,610,286	1,576,052	1,532,789	1,619,864
Other charges	60,118	77,950	87,808	90,180	86,149	89,138	93,493	87,911	121,944	157,830
Depreciation	2,757,951	2,852,246	2,916,684	3,048,763	3,116,981	3,231,814	3,225,638	3,278,090	3,402,047	3,471,402
Total operating expenses	11,144,911	11,503,841	12,419,371	11,832,346	12,600,147	12,611,219	13,370,339	13,084,258	12,887,322	14,409,335
Operating income	2,334,009	3,200,082	2,392,184	3,345,370	2,761,905	2,516,574	2,194,460	2,641,310	3,243,302	2,284,180
Nonoperating revenues (expenses):										
Interest income	21,508	21,514	41,904	75,939	229,606	501,029	435,285	82,440	(14,082)	441,444
Governmental grants	13,103	-	-	-	-	-	-	-	-	-
Miscellaneous	2,122	2,781	1,028	1,131	1,001	33,101	220,157	154,952	70,140	32,801
Gain (loss) on disposition of assets	7,314	9,219	6,128	5,172	18,282	5,798	9,621	7,877	10,313	11,640
Interest on long-term debt	(1,708,765)	(1,678,042)	(1,971,229)	(1,911,073)	(2,204,019)	(2,208,099)	(1,663,343)	(1,138,518)	(1,400,233)	(1,716,158)
IRS interest subsidy - Build America Bonds	231,596	233,357	233,860	234,363	234,615	235,496	117,999	-	-	-
Total nonoperating revenues (expenses)	(1,433,122)	(1,411,171)	(1,688,309)	(1,594,468)	(1,720,515)	(1,432,675)	(880,281)	(893,249)	(1,333,862)	(1,230,273)
Income before contributions and transfers	900,887	1,788,911	703,875	1,750,902	1,041,390	1,083,899	1,314,179	1,748,061	1,909,440	1,053,907
Capital contributions	-	5,000	362,917	210,000	-	269,655	3,274	-	-	-
Transfers in	-	-	-	-	67,298	93,215	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(48,494)	(63,463)	(12,631)
Change in net position	900,887	1,793,911	1,066,792	1,960,902	1,108,688	1,446,769	1,317,453	1,699,567	1,845,977	1,041,276
Total net position - beginning, as restated (1) (2)	36,559,962	31,448,108	33,242,019	34,308,811	29,985,889	31,094,577	32,541,346	33,858,799	35,558,366	37,404,343
Ending net position:										
Net investment in capital assets	28,010,070	28,620,307	27,610,452	29,430,618	29,134,568	30,347,378	31,506,001	34,204,364	35,416,138	36,420,501
Unrestricted	9,450,779	4,621,712	6,698,359	6,839,095	1,960,009	2,193,968	2,352,798	1,354,002	1,988,205	2,025,118
Total net position - ending	\$ 37,460,849	\$ 33,242,019	\$ 34,308,811	\$ 36,269,713	\$ 31,094,577	\$ 32,541,346	\$ 33,858,799	\$ 35,558,366	\$ 37,404,343	\$ 38,445,619

(1) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Annual Comprehensive Financial Report for FY 2015 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2017. See Note 25, City of Lynchburg's Annual Comprehensive Financial Report for FY 2018 for an explanation.

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
SEWER FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating revenues:										
Charges for services and other operating revenues	\$ 19,763,592	\$ 20,216,758	\$ 21,264,506	\$ 22,640,530	\$ 22,635,664	\$ 23,723,563	\$ 23,231,507	\$ 24,695,077	\$ 25,879,520	\$ 28,268,219
Total operating revenues	19,763,592	20,216,758	21,264,506	22,640,530	22,635,664	23,723,563	23,231,507	24,695,077	25,879,520	28,268,219
Operating expenses:										
Personal services and benefits	2,871,425	2,944,024	3,390,178	3,424,756	3,274,735	3,355,976	3,365,150	3,633,749	3,297,274	4,209,082
Operation and maintenance	2,742,797	2,697,307	2,906,172	3,071,702	3,533,634	3,636,697	3,649,979	4,062,291	4,288,688	4,481,546
Supplies and materials	1,158,838	1,336,709	1,489,227	1,562,481	1,386,495	1,661,637	1,738,027	2,098,779	2,322,572	2,954,211
Administration	2,282,628	2,573,784	2,341,346	2,316,721	2,467,815	2,580,626	2,802,473	3,191,245	3,169,432	3,376,388
Other charges	44,651	66,946	51,118	106,560	74,387	66,021	69,826	111,934	106,719	250,166
Depreciation	7,049,861	7,584,388	7,635,836	7,888,946	7,898,587	8,037,676	8,131,718	8,434,452	10,441,598	10,554,426
Total operating expenses	16,150,200	17,203,158	17,813,877	18,371,166	18,635,653	19,338,633	19,757,173	21,532,450	23,626,283	25,825,819
Operating income	3,613,392	3,013,600	3,450,629	4,269,364	4,000,011	4,384,930	3,474,334	3,162,627	2,253,237	2,442,400
Nonoperating revenues (expenses):										
Interest income	108,729	73,142	85,086	124,705	241,852	409,567	350,086	79,817	49,315	774,628
Governmental grants	10,759	-	-	219	-	-	-	-	-	-
Miscellaneous	11,170	10,400	11,821	19,605	47,687	47,717	270,958	53,235	100,365	87,420
Gain (loss) on disposition of assets	5,653	606	738	1,172	16,393	2,259	(175,771)	(213,716)	1,594	(62,149)
Interest on long-term debt	(1,148,525)	(1,086,336)	(1,129,426)	(985,817)	(1,068,072)	(1,077,985)	(1,119,367)	(585,733)	(901,840)	(1,154,335)
IRS interest subsidy - Build America Bonds	42,300	42,621	42,713	42,805	42,851	43,012	21,552	-	-	-
Total nonoperating revenues (expenses)	(969,914)	(959,567)	(989,068)	(797,311)	(719,289)	(575,430)	(652,542)	(666,397)	(750,566)	(354,436)
Income before contributions and transfers	2,643,478	2,054,033	2,461,561	3,472,053	3,280,722	3,809,500	2,821,792	2,496,230	1,502,671	2,087,964
Capital contributions	2,855,237	3,207,248	4,471,358	1,882,733	2,992,600	9,110,310	8,986,028	1,003,352	1,955,264	219,273
Transfers in	126,734	126,734	126,734	-	50,729	64,082	-	48,494	87,463	7,512,631
Change in net position	5,625,449	5,388,015	7,059,653	5,354,786	6,324,051	12,983,892	11,807,820	3,548,076	3,545,398	9,819,868
Total net position - beginning, as restated (1) (2)	138,914,610	140,651,555	146,039,570	153,099,223	154,135,205	160,459,256	173,443,148	185,250,968	188,799,044	192,344,442
Ending net position:										
Net investment in capital assets	133,496,405	138,595,419	144,934,435	148,010,757	154,280,143	164,363,686	177,570,472	174,740,303	177,500,410	180,993,177
Unrestricted	11,043,654	7,444,151	8,164,788	10,443,252	6,179,113	9,079,462	7,680,496	14,058,741	14,844,032	21,171,133
Total net position - ending	\$ 144,540,059	\$ 146,039,570	\$ 153,099,223	\$ 158,454,009	\$ 160,459,256	\$ 173,443,148	\$ 185,250,968	\$ 188,799,044	\$ 192,344,442	\$ 202,164,310

(1) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Annual Comprehensive Financial Report for FY 2015 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2017. See Note 25, City of Lynchburg's Annual Comprehensive Financial Report for FY 2018 for an explanation.

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
STORMWATER FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating revenues:										
Charges for services and other operating revenues	\$ 3,124,545	\$ 3,268,776	\$ 3,209,504	\$ 3,208,044	\$ 3,212,572	\$ 3,227,746	\$ 3,265,521	\$ 3,197,089	\$ 3,495,968	\$ 3,587,623
Intergovernmental	650,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000
Total operating revenues	3,774,545	3,543,776	3,484,504	3,483,044	3,487,572	3,502,746	3,540,521	3,472,089	3,770,968	3,862,623
Operating expenses:										
Personal services and benefits	414,356	362,502	446,320	651,860	531,569	673,639	680,361	554,455	781,650	627,178
Operation and maintenance	719,470	306,678	285,560	327,657	451,961	511,138	418,487	369,085	563,868	581,585
Supplies and materials	113,528	104,029	136,741	131,321	127,008	168,543	186,793	152,042	160,879	177,890
Administration	1,340,126	1,227,229	1,353,809	1,160,256	1,576,573	1,528,109	1,767,225	1,805,945	1,792,075	1,911,548
Other charges	8,233	11,916	5,289	16,864	23,538	16,045	11,939	21,071	20,455	19,945
Depreciation	4,465	33,662	67,558	76,239	142,092	275,261	295,876	419,151	456,956	400,339
Total operating expenses	2,600,178	2,046,016	2,295,277	2,364,197	2,852,741	3,172,735	3,360,681	3,321,749	3,775,883	3,718,485
Operating income	1,174,367	1,497,760	1,189,227	1,118,847	634,831	330,011	179,840	150,340	(4,915)	144,138
Nonoperating revenue:										
Interest Income	-	-	1,213	9,477	31,120	60,794	39,235	5,873	3,223	128,896
Governmental Grants	-	-	-	-	-	-	-	9,822	21,311	28,814
Miscellaneous	-	61	23,452	2	491	-	3,203	(19,583)	(14)	-
Gain (loss) on disposition of assets	-	-	-	-	-	-	-	-	-	(9,041)
Interest on long-term debt	-	-	-	-	(4,672)	(106)	(37,254)	(20,751)	(29,871)	(166,071)
Total nonoperating revenue	-	61	24,665	9,479	26,939	60,688	5,184	(24,639)	(5,351)	(17,402)
Income before contributions and transfers	1,174,367	1,497,821	1,213,892	1,128,326	661,770	390,699	185,024	125,701	(10,266)	126,736
Capital contributions	-	-	-	89,058	555,034	-	556,350	421,817	68,971	-
Transfers in	-	-	-	-	8,593	9,543	-	-	-	-
Transfers out	(126,734)	(162,676)	(126,734)	-	(4,215)	(337,500)	-	-	-	-
Change in net position	1,047,633	1,335,145	1,087,158	1,217,384	1,221,182	62,742	741,374	547,518	58,705	126,736
Total net position - beginning, as restated (1) (2)	1,907,940	2,428,919	3,764,064	4,851,222	5,656,260	6,877,442	6,940,184	7,681,558	8,229,076	8,287,781
Ending net position:										
Net investment in capital assets	771,687	2,002,495	2,484,986	3,950,070	4,336,742	4,894,032	6,496,175	6,717,478	6,546,769	6,831,579
Unrestricted	2,183,886	1,761,569	2,366,236	2,118,536	2,540,700	2,046,152	1,185,383	1,511,598	1,741,012	1,582,938
Total net position - ending	\$ 2,955,573	\$ 3,764,064	\$ 4,851,222	\$ 6,068,606	\$ 6,877,442	\$ 6,940,184	\$ 7,681,558	\$ 8,229,076	\$ 8,287,781	\$ 8,414,517

(1) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Annual Comprehensive Financial Report for FY 2015 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2017. See Note 25, City of Lynchburg's Annual Comprehensive Financial Report for FY 2018 for an explanation.

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
AIRPORT FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating revenues:										
Charges for services and other operating revenues	\$ 2,235,749	\$ 2,254,531	\$ 2,446,873	\$ 2,522,138	\$ 2,470,025	\$ 2,775,975	\$ 2,533,763	\$ 2,114,485	\$ 2,635,988	\$ 2,955,151
Intergovernmental	136,178	142,601	134,592	119,740	120,048	122,320	844,787	2,558,317	2,580,509	2,587,569
Total operating revenues	2,371,927	2,397,132	2,581,465	2,641,878	2,590,073	2,898,295	3,378,550	4,672,802	5,216,497	5,542,720
Operating expenses: (1)										
Personal services and benefits	970,660	1,006,709	1,018,464	1,058,236	1,097,115	1,151,858	1,199,829	980,321	951,481	885,798
Operation and maintenance	1,160,643	1,166,823	1,011,546	1,134,897	965,901	1,064,812	1,281,301	1,658,459	2,013,978	1,909,294
Supplies and materials	133,670	12,803	137,041	141,930	114,948	145,406	53,306	183,642	192,569	184,840
Administration	233,277	239,614	235,287	258,123	272,997	300,143	282,978	260,306	336,678	316,815
Other charges	16,800	24,384	20,637	27,399	29,752	31,762	28,466	28,242	28,254	39,716
Depreciation	1,820,883	2,115,435	2,141,357	2,145,813	2,240,282	2,284,681	2,247,024	2,179,385	2,050,505	2,100,784
Total operating expenses	4,335,933	4,565,768	4,564,332	4,766,398	4,720,995	4,978,662	5,092,904	5,290,355	5,573,465	5,437,247
Operating income (loss)	(1,964,006)	(2,168,636)	(1,982,867)	(2,124,520)	(2,130,922)	(2,080,367)	(1,714,354)	(617,553)	(356,968)	105,473
Nonoperating revenues (expenses):										
Interest income	2,464	2,254	8,281	21,668	44,361	93,544	92,189	11,660	32,224	512,144
Passenger facility charges (2)	-	-	-	-	-	-	-	-	-	-
Miscellaneous	9,040	9,724	20,004	70,047	44,190	10,131	5,976	22,234	11,567	12,573
Gain (loss) on disposition of assets	-	-	-	-	12,487	7,032	421	-	-	-
Interest on long-term debt	(39,411)	(8,061)	(27,422)	(24,752)	(11,781)	(38,239)	(33,252)	(30,048)	(26,675)	(40,217)
Total nonoperating revenues (expenses)	(27,907)	3,917	863	66,963	89,257	72,468	65,334	3,846	17,116	484,500
Loss before contributions and transfers	(1,991,913)	(2,164,719)	(1,982,004)	(2,057,557)	(2,041,665)	(2,007,899)	(1,649,020)	(613,707)	(339,852)	589,973
Capital contributions	2,512,162	3,065,217	2,264,831	2,824,123	1,985,329	2,054,429	2,992,979	4,139,246	6,632,385	2,105,501
Passenger facility charges (2)	329,951	323,963	317,503	320,942	338,455	360,123	325,214	233,439	302,589	298,314
Transfers in	218,809	96,600	-	-	13,346	16,432	-	-	-	-
Change in net position	1,069,009	1,321,061	600,330	1,087,508	295,465	423,085	1,669,173	3,758,978	6,595,122	2,993,788
Total net position - beginning, as restated (1) (3)	35,885,880	35,756,707	37,077,768	37,678,098	37,858,123	38,153,588	38,576,673	40,245,846	44,004,824	50,599,946
Ending net position:										
Net investment in capital assets	34,631,136	35,973,930	34,496,749	37,058,108	37,141,375	35,473,699	35,181,514	35,326,409	39,502,497	39,323,321
Restricted	8,433	7,231	3,478	108,833	46,465	3,621	53,350	53,539	51,547	28,545
Unrestricted	2,315,320	1,096,607	3,177,871	1,598,665	965,748	3,099,353	5,010,982	8,624,876	11,045,902	14,241,868
Total net position - ending	\$ 36,954,889	\$ 37,077,768	\$ 37,678,098	\$ 38,765,606	\$ 38,153,588	\$ 38,576,673	\$ 40,245,846	\$ 44,004,824	\$ 50,599,946	\$ 53,593,734

(1) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Annual Comprehensive Financial Report for FY 2015 for an explanation.

(2) Beginning in FY 2013, Passenger facility charges are reported with capital contributions and transfers.

(3) Total net position - beginning, was restated as of June 30, 2017. See Note 25, City of Lynchburg's Annual Comprehensive Financial Report for FY 2018 for an explanation.

**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real Estate	\$ 54,360,607	\$ 54,894,485	\$ 55,825,934	\$ 56,473,104	\$ 56,927,450	\$ 57,541,054	\$ 60,268,655	\$ 61,597,048	\$ 66,268,468	\$ 67,170,299
PSC Taxes	2,313,627	2,267,069	2,371,493	2,419,023	2,522,219	2,596,128	2,608,746	2,738,081	2,652,828	2,776,319
Personal Property Tax	17,578,172	17,578,905	18,390,620	18,747,247	19,635,406	20,347,254	21,556,547	21,619,044	23,456,075	25,019,655
Penalties & Interest	1,241,614	1,299,858	1,198,049	1,385,475	1,275,152	1,218,007	1,154,905	1,236,751	1,269,376	1,586,477
Sales & Use Tax	13,842,292	15,006,326	14,995,131	15,351,346	15,282,741	15,913,730	16,478,533	18,586,355	20,685,254	21,956,963
Utility Tax	4,738,343	4,575,492	4,660,389	4,569,906	4,768,971	4,673,597	4,527,034	4,581,154	4,733,518	4,452,987
Business License Tax	8,391,989	8,535,544	8,464,009	9,258,208	9,095,288	9,398,263	9,553,844	9,294,844	10,049,251	11,058,315
Franchise License Tax	-	-	10,100	500	-	-	-	-	-	-
Communication Sales & Use Tax	3,412,734	3,382,915	3,282,767	3,202,076	3,101,975	2,877,715	2,812,099	2,497,779	2,424,362	2,354,000
Motor Vehicle Licenses	1,672,627	1,701,647	1,722,007	1,764,571	1,765,907	1,800,426	1,863,819	1,760,977	1,792,935	1,791,784
Bank Stock Taxes	769,284	831,103	836,320	834,986	829,988	953,307	519,806	870,383	955,810	950,835
Taxes on Recordation and Wills	486,321	592,113	504,432	614,673	629,846	694,483	699,608	1,015,647	1,177,889	939,214
Tobacco Taxes	975,078	936,024	900,484	903,846	870,084	846,122	840,871	786,583	796,786	698,822
Admission and Amusement Taxes	662,453	667,212	678,870	762,657	847,388	820,805	624,430	302,249	756,599	854,490
Hotel and Motel Room Taxes	2,125,145	2,066,200	2,100,391	2,226,551	2,583,241	2,648,042	2,100,355	2,180,981	2,856,364	3,274,962
Restaurant Food Taxes	12,666,743	13,435,756	14,081,199	14,381,667	14,699,512	14,893,353	13,456,401	15,113,084	17,836,864	19,420,493
Total General Government Tax Revenues	\$ 125,237,029	\$ 127,770,649	\$ 130,022,195	\$ 132,895,836	\$ 134,835,168	\$ 137,222,286	\$ 139,065,653	\$ 144,180,960	\$ 157,712,379	\$ 164,305,615

Source: Chief Financial Officer, City of Lynchburg, Virginia.

**ASSESSED VALUE OF TAXABLE REAL PROPERTY,
LAST TEN FISCAL YEARS (1)**
(in thousands of dollars)

Fiscal Year	Residential Property (3)	Commercial Property	Industrial Property	Total Taxable Assessed Value (2) (4)	Direct Tax Rate
2014	\$ 3,323,554,300	\$ 1,302,945,700	\$ 355,954,900	\$ 4,982,454,900	1.11
2015	3,358,581,200	1,312,217,000	356,639,200	5,027,437,400	1.11
2016	3,383,069,800	1,396,087,500	364,092,500	5,143,249,800	1.11
2017	3,417,714,400	1,395,683,100	364,597,600	5,177,995,100	1.11
2018	3,461,934,400	1,404,744,500	362,786,100	5,229,465,000	1.11
2019	3,503,663,800	1,440,950,200	362,489,500	5,307,103,500	1.11
2020	3,702,964,600	1,535,445,000	367,252,100	5,605,661,700	1.11
2021	3,773,293,400	1,561,696,200	361,916,500	5,696,906,100	1.11
2022	4,187,446,900	1,589,336,500	390,144,300	6,166,927,700	1.11
2023	4,207,702,500	1,577,534,200	392,477,800	6,177,714,500	1.11

Source: Real Estate Assessor, City of Lynchburg, Virginia

(1) Assessed value is as of July 1 of each fiscal year.

(2) Excludes tax-exempt property.

(3) These figures include assessments that qualify for land use exemptions. Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value. Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.

(4) Fiscal Years 2017, 2018 and 2020 are restated due to correction of prior year's data.

ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)
LAST TEN FISCAL YEARS

Fiscal Year	Real Property (1)					Personal Property (3)				Machinery and Tools		Total Assessed Value of Taxable Property	Total Direct Tax Rate (8)
	Residential Property (2)(6)	Commercial Property (2)(7)	Public Service Corporation	Total	Tax Rate	Personal Property	Public Service Corporation	Total	Tax Rate	Machinery and Tools (2)	Tax Rate		
2014	\$ 3,323,554,300	\$ 1,658,900,600	\$ 180,026,914	\$ 5,162,481,814	1.11	\$ 603,981,655 (4)	\$ 25,839,427	\$ 629,821,082	3.80	\$ 152,877,609 (4)	3.00	\$ 5,945,180,505	7.91
2015	3,358,581,200	1,668,856,200	175,223,235	5,202,660,635	1.11	622,453,513 (4)	25,979,883	648,433,396	3.80	155,103,327 (4)	3.00	6,006,197,358	7.91
2016	3,383,069,800	1,760,180,000	185,088,590	5,328,338,390	1.11	625,528,817 (4)	28,004,949	653,533,766	3.80	159,879,989 (4)	3.00	6,141,752,145	7.91
2017	3,417,070,700	1,760,280,700	188,976,706	5,366,328,106	1.11	658,107,572 (4)	26,479,912	684,587,484	3.80	158,933,643 (4)	3.00	6,209,849,233	7.91
2018	3,460,374,300	1,767,530,600	193,804,645	5,421,709,545	1.11	676,603,014 (4)	31,249,795	707,852,809	3.80	169,680,373 (4)	3.00	6,299,242,727	7.91
2019	3,503,663,800	1,803,439,700	205,907,581	5,513,011,081	1.11	718,416,481 (4)	26,991,933	745,408,414	3.80	175,657,733 (4)	3.00	6,434,077,228	7.91
2020	3,709,717,400	1,902,697,100	200,755,250	5,813,169,750	1.11	723,862,510 (4)	33,531,033	757,393,543	3.80	157,661,606 (4)	3.00	6,728,224,899	7.91
2021	3,773,293,400	1,923,612,700	214,754,922	5,911,661,022	1.11	795,541,727 (4)	31,097,593	826,639,320	3.80	158,532,445 (4)	3.00	6,896,832,787	7.91
2022	4,187,446,900	1,979,480,800	209,009,697	6,375,937,397	1.11	812,007,960 (4)	29,459,641	841,467,601	3.80	165,805,534 (4)	3.00	7,383,210,532	7.91
2023	4,207,702,500	1,970,012,000	220,176,366	6,397,890,866	1.11	727,485,991 (5)	29,353,165	756,839,156	3.80	172,760,109 (5)	3.00	7,327,490,131	7.91

Sources: Real Estate Assessor and Commissioner of Revenue, City of Lynchburg, Virginia

(1) Assessed value is as of July 1 of the fiscal year noted.

(2) Real estate and machinery and tools are assessed at 100% of fair market value.

(3) Effective July 1, 1989, personal property is assessed at 100% of average trade-in value.

(4) These figures have been updated to reflect all billings associated with the levy.

(5) 2023 Personal Property Tax Levy in FY 2023. These figures only reflect two of the four billings associated with this levy. These figures will be updated in FY 2024 to reflect all four billings.

(6) These figures are net of land use exemptions. Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value.

Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.

(7) Commercial property also includes industrial property.

(8) When a government's individual direct rates apply to the same proportion of the revenue base, and does not apply to only a portion (such as residential, commercial, industrial) the Total Direct Rate is the sum of individual direct rates.

PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

		2023					2014								
Taxpayer	Type of Business	Taxable		Rank	Percentage of Total Taxable		2023 Total		Percentage of Total		Taxable		Rank	Percentage of Total Taxable	
		Assessed Value			Assessed Value	Tax Levy	Tax Levy	Assessed Value		Assessed Value					
AEP - American Electric Power	Utility	\$	124,542,477	1	1.70 %	\$	1,365,253	1.03 %	\$	78,645,671	1	1.34 %			
Frito Lay, Inc.	Food Manufacturer		66,720,917	2	0.91		1,519,780	1.15		54,326,409	3	0.93			
River Ridge, Ltd.	Shopping Mall		57,027,560	3	0.78		643,765	0.49		46,604,400	4	0.80			
Framatome (fmr Areva NP, Inc.)	Nuclear Power Design & Fuel		48,613,420	4	0.66		988,197	0.75		55,972,591	2	0.96			
REA Lynchburg LLC	Apartments		39,044,653	5	0.53		436,192	0.33							
Columbia Gas of Virginia, Inc.	Utility		37,086,095	6	0.51		406,455	0.31		18,724,800	11	0.32			
Wal-Mart Real Estate Business Trust	Retail		36,437,312	7	0.50		463,815	0.35		37,582,648	7	0.64			
Triangle West Edge (fmr TPB Enterprises LLC)			35,804,119	8	0.49		389,409	0.30							
Verizon Va, Inc.	Utility		31,981,704	9	0.44		350,238	0.27		45,476,587	5	0.78			
C.B. Fleet Co.	Pharmaceuticals		31,163,054	10	0.43		556,892	0.42		19,579,716	9	0.33			
Eleven 25 of Virginia	Apartments		28,500,000	11	0.39		316,350	0.24							
J Crew Inc.	Clothing		27,214,859	12	0.37		556,690	0.42							
Gardens on Timberlake LLC (fmr Carriage Sq)	Apartment complex		24,908,300	13	0.34		276,482	0.21							
Genworth Financial, Inc.	Life Insurance		23,882,429	14	0.33		526,836	0.40		41,379,941	6	0.71			
MMAC FCA (fmr Central Virginia Prof)	Medical Office		23,355,500	15	0.32		259,246	0.20							
700 Main Street LLC (Pacific Life Insurance)	Office building		21,023,500	16	0.29		233,361	0.18							
Vistas LP	Apartments		20,953,000	16	0.29		232,447	0.18							
Azdel Inc	Thermoplastic manufacturer		19,934,086	17	0.27		424,595	0.32							
Logans Landing LLC			18,863,100	18	0.26		209,380	0.16							
LU Candler's Station Holdings LLC	Shopping Center		18,640,000	19	0.25		206,904	0.16		17,588,400	12	0.30			
Virginian Hotel & Restaurant	Hotel/conference center		16,881,622	20	0.23		211,128	0.16							
Southwood Overlook LLC (fmr CL Overlook LP)	Apartments		15,925,509	21	0.22		177,007	0.13							
IREIT Lynchburg Lakeside LLC	Shopping Center		15,165,500	22	0.21		168,337	0.13							
Old Mill Investments LLC			15,044,700	22	0.21		166,996	0.13							
Reserve at Burton Creek			13,649,500	23	0.19		151,509	0.11							
Lynchburg (Wards Crossing) LLC	Retail		14,177,000	23	0.19		157,365	0.12							
L3 Harris Corp.	Radio communications		13,708,191	23	0.19		152,467	0.12							
Lynchburg Hotel Group	Hotels		13,410,485	24	0.18		168,587	0.13							
Summit SNF Property Holdings, LLC	Nursing Home/Assisted Living		9,296,900	25	0.13		103,196	0.08							
Virginia Baptist Homes, Inc (fmr CCRC, Inc.)	Nursing Home/Assisted Living		-		0.00		-	0.00		18,802,100	10	0.32			
LSC Communications (fmr RR Donnelley)	Periodical Publication Printing		-		0.00		-	0.00		32,167,203	8	0.55			
Total		\$	862,955,492		11.78 %	\$	11,818,879	8.95 %	\$	466,850,466		7.98 %			
Total Assessed Valuation:		\$	7,327,490,131						\$	5,851,178,528					
Tax Levy:															
Real Estate		\$	69,393,612												
Railroads and Pipelines			256,438												
Public Service Corporations			31,540,685												
Personal Property			30,808,721												
Total Tax Levy:		\$	131,999,456												

Source: Real Estate Assessor and Commissioner of Revenue, City of Lynchburg, Virginia

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levied for the Fiscal Year (1)	Adjustments (2)	Adjusted Levy	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections (4)	Total Collections to Date	
				Amount	Percentage of Levy (3)		Amount	Percentage of Levy (3)
2014	\$ 80,297,119	\$ 360,598	\$ 80,657,717	\$ 78,239,826	97.44%	\$ 2,400,513	\$ 80,640,339	99.98%
2015	81,223,917	374,235	81,598,152	78,731,871	96.93%	2,847,282	81,579,153	99.98%
2016	82,721,284	179,324	82,900,608	80,478,895	97.29%	2,395,782	82,874,677	99.97%
2017	83,923,034	617,068	84,540,102	81,750,492	97.41%	2,741,256	84,491,748	99.94%
2018	85,534,487	659,718	86,194,205	83,113,348	97.17%	2,927,457	86,040,805	99.82%
2019	87,349,894	824,855	88,174,749	84,635,267	96.89%	3,368,359	88,003,626	99.81%
2020	90,985,488	503,413	91,488,901	88,831,389	97.63%	2,445,684	91,277,073	99.77%
2021	94,112,716	704,835	94,817,551	90,819,949	96.50%	3,625,554	94,445,503	99.61%
2022	100,695,312	562,978	101,258,290	97,067,294	96.40%	3,208,554	100,275,848	99.03%
2023	102,967,953	(624,256)	102,343,697	99,601,117	96.73%	-	99,601,117	97.32%

Source: Chief Financial Officer, City of Lynchburg, Virginia

(1) Total tax levy is calculated based on the sum of the initial Real Estate Tax and Personal Property Tax levies.

(2) Adjustments include supplemental billings and exonerations attributable to the year the tax was levied. The current year only includes exonerations.

(3) These columns represent the amount and percentage of the tax levy within the respective tax year reporting period.

(4) These columns represent collections in subsequent years for the tax levied in the noted fiscal year.

PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(per \$100 of assessed valuation)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Real Estate										
Locally Assessed	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11
Personal Property										
Locally Assessed	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Machinery and Tools	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Automobiles, Trucks and Business Equipment	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Public Service Corporations										
Equalized	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11
Automobiles and Trucks	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Total Direct Tax Rate	7.91	7.91	7.91	7.91	7.91	7.91	7.91	7.91	7.91	7.91

Note: There is no overlapping government taxation.

Source:

City of Lynchburg Adopted Budget Fiscal Year 2023
Commissioner of the Revenue for City of Lynchburg, Virginia www.lynchburgva.gov

**TAXABLE RETAIL SALES AND
TAXABLE RETAIL SALES PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Population (1)	Taxable Retail Sales (2)	Taxable Retail Sales Per Capita (2)
2014	77,874	\$ 1,279,815,746	\$ 16,434
2015	78,675	1,353,815,269	17,208
2016	79,531	1,345,647,515	16,920
2017	80,380	1,373,101,289	17,083
2018	81,339	1,388,422,136	17,070
2019	80,783	1,426,885,543	17,663
2020	81,266	1,415,058,859	17,413
2021	80,054	1,621,386,030	20,254
2022	80,127	1,803,280,572	22,505
2023	80,127	*	*

(1) Weldon Cooper Center for Public Service, University of Virginia www.coopercenter.org

Figures given are the final estimate for that year. Since the estimate for the current fiscal year is not available at this time, the prior year data is given. 2014 through 2022 are all based on calendar year sales published on February 15, 2023.

(2) Weldon Cooper Center for Public Service, University of Virginia <https://ceps.coopercenter.org/taxable-sales>

Information provided courtesy of the Virginia Department of Taxation, information is as of January 31st.

* Information unavailable

**WATER AND SEWER RATES
LAST TEN FISCAL YEARS**

Water and Sewer Rates										
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<u>Water</u>										
Volume Rate/hcf*	\$ 2.38	\$ 2.43	\$ 2.43	\$ 2.55	\$ 2.68	\$ 2.68	\$ 2.68	\$ 2.68	\$ 2.68	2.77
Hydrant charge or 8" or smaller fire line	19.79	19.79	19.79	20.58	20.58	20.58	20.58	20.58	20.58	20.58
10" fire line	35.53	35.53	35.53	36.95	36.95	36.95	36.95	36.95	36.95	36.95
12" fire line	56.38	56.38	56.38	58.64	58.64	58.64	58.64	58.64	58.64	58.64
<u>Sewer</u>										
Volume Rate/hcf*	\$ 5.65	\$ 5.65	\$ 5.83	\$ 6.02	\$ 6.02	\$ 6.02	\$ 6.02	\$ 6.14	\$ 6.14	7.22

* hundred cubic feet

Monthly Service Charge Table										
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<u>Meter Size</u>										
5/8"	\$ 5.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69
3/4"	6.69	9.69	9.69	9.69	9.69	9.69	9.69	9.69	9.69	9.69
1"	8.69	13.69	13.69	13.69	13.69	13.69	13.69	13.69	13.69	13.69
1-1/2"	13.69	23.69	23.69	23.69	23.69	23.69	23.69	23.69	23.69	23.69
2"	19.69	35.69	35.69	35.69	35.69	35.69	35.69	35.69	35.69	35.69
3"	33.69	63.69	63.69	63.69	63.69	63.69	63.69	63.69	63.69	63.69
4"	63.69	123.69	123.69	123.69	123.69	123.69	123.69	123.69	123.69	123.69
6"	123.69	243.69	243.69	243.69	243.69	243.69	243.69	243.69	243.69	243.69
8"	183.69	363.69	363.69	363.69	363.69	363.69	363.69	363.69	363.69	363.69
10"	303.69	603.69	603.69	603.69	603.69	603.69	603.69	603.69	603.69	603.69

Source: Director of Water Resources, City of Lynchburg, Virginia.

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(dollars expressed in thousands, except for per capita amounts)

Fiscal Year	Governmental Activities						Business-type Activities						Total Primary Government - Net Outstanding Debt Ratios			
	General Obligation Bonds	Direct Borrowings ⁽¹⁾	General Obligation Notes	Note Payable and Other	Leases	Net Deferred Amounts ⁽²⁾	General Obligation Bonds	Direct Borrowings ⁽¹⁾	General Obligation Notes	Public Utility Revenue Bonds	Leases	Net Deferred Amounts ⁽²⁾	Total Primary Government (Principal Only)	Total Primary Government - Net (Includes Net Deferred Amounts)	Percentage of Personal Income ⁽³⁾	Total Primary Government - Net Bonded Debt Per Capita ⁽³⁾
2014	\$ 114,519	\$ -	\$ -	\$ 1,760	\$ -	\$ 2,424	\$ 56,083	\$ -	\$ 7,159	\$ 117,270	\$ -	\$ 1,711	\$ 296,791	\$ 300,926	10.66%	\$ 3,864
2015	186,515	-	-	1,580	-	11,087	70,415	-	-	111,236	-	2,871	369,746	383,704	13.14%	4,877
2016	191,848	-	-	1,400	-	12,877	76,395	-	-	104,998	-	4,722	374,641	392,240	13.16%	4,932
2017	180,737	-	-	1,220	-	12,143	71,917	-	-	99,530	-	4,483	353,404	370,030	11.94%	4,604
2018	169,882	12,496	183	4,978	-	12,610	79,953	1,400	618	93,217	-	5,709	362,727	381,046	11.60%	4,685
2019	160,508	10,851	2,457	3,500	-	11,792	76,582	1,130	5,619	118,825	-	5,412	379,472	396,676	11.90%	4,910
2020	173,528	9,188	551	3,063	-	14,594	72,970	856	81	113,934	-	5,914	374,171	394,679	11.16%	4,857
2021	163,143	6,246	4,529	2,625	-	14,849	69,349	-	3,169	109,284	-	6,234	358,345	379,428	10.00%	4,740
2022	152,733	5,163	7,910	2,188	2,658	13,789	66,040	-	10,575	102,640	2	5,874	349,909	369,572	9.74%	4,612
2023	184,219	4,072	-	1,750	2,611	16,674	88,028	-	-	96,103	28	6,346	376,811	399,831	10.53%	4,990

Source: Chief Financial Officer, City of Lynchburg, Virginia.

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

The City of Lynchburg is autonomous and entirely independent of any county or any other political subdivision of the Commonwealth of Virginia.

Therefore, there is no direct and no overlapping debt related to governmental activities.

(1) Direct Borrowings were split out from General Obligation Bonds starting with FY 2018 to meet GASB 88 disclosure requirements.

(2) Net Deferred Amounts include Premiums and Discounts.

(3) See Table 25 for population and per capita personal income information. For FY 2023 and FY 2022, the FY 2021 amount for per capita personal income of \$47,374 was utilized to calculate the Percentage of Personal Income.

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING,
LAST TEN FISCAL YEARS**

(dollars in thousands, except per capita)

Fiscal Year	Population (1)	Assessed Valuation (in thousands) (1)	Gross Bonded Debt (2)	Net Deferred Amounts (3)	Net Bonded Debt (Includes Net Deferred Amounts)	Net Bonded Debt To Assessed Value (Includes Net Deferred Amounts)	Net Bonded Debt Per Capita (Includes Net Deferred Amounts)	Bonded Debt Payable From Enterprise Fund Revenues (4)	Net Deferred Amounts Enterprise Funds (4)	Net Bonded Debt Governmental Funds Only (4)	Net Bonded Debt Governmental Funds Only To Assessed Value (Includes Net Deferred Amounts) (4)
2014	77,874	\$ 5,945,181 (5)	\$ 177,761	\$ 4,135	\$ 181,896	3.06%	\$ 2,336	\$ 63,242	\$ 1,711	\$ 116,943	1.97%
2015	78,675	6,006,197 (5)	256,930	13,958	270,888	4.51%	3,443	70,415	2,871	197,602	3.29%
2016	79,531	6,141,752 (5)	268,243	17,599	285,842	4.65%	3,594	76,395	4,722	204,725	3.33%
2017	80,380	6,209,849 (5)	252,654	16,626	269,280	4.34%	3,350	71,917	4,483	192,880	3.11%
2018	81,339	6,299,243 (5)	264,532	18,319	282,851	4.49%	3,477	81,971	5,709	195,171	3.10%
2019	80,783	6,434,077 (5)	257,147	17,204	274,351	4.26%	3,396	83,331	5,412	185,608	2.88%
2020	81,266	6,728,225 (5)	257,174	20,508	277,682	4.13%	3,417	73,907	5,914	197,861	2.94%
2021	80,054	6,896,833 (5)	246,436	21,083	267,519	3.88%	3,342	72,518	6,234	188,767	2.74%
2022	80,127	7,383,211 (5)	242,421	19,663	262,084	3.55%	3,271	76,615	5,874	179,595	2.43%
2023	80,127	7,327,490 (6)	276,319	23,020	299,339	4.09%	3,736	88,028	6,346	204,965	2.80%

Source: Chief Financial Officer, City of Lynchburg, Virginia.

(1) See Table 14 for Assessed Valuations and Table 25 for population information.

(2) Includes governmental and business type activity general obligation principal only and excludes City of Lynchburg Public Utility revenue bonds.

(3) Net Deferred Amounts include Premiums and Discounts.

(4) Per City Council Adopted Debt Policies, total tax-supported debt will not exceed 4.5% of the net assessed valuation of taxable property in the City of Lynchburg.

For the purpose of this policy, tax-supported obligations are defined as those that are expected to be repaid from General Fund tax revenue of the City of Lynchburg.

These include general obligation bonds (except self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in the calculations of tax-supported bonds.

The City is including a ratio of Governmental Fund debt only to prove adherence to internal debt policies.

(5) These figures have been updated to reflect all billings associated with the personal property tax levy.

(6) These figures only reflect two of the four billings associated with the personal property tax levy.

These figures will be updated in FY 2024 to reflect all four billings.

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

**LEGAL DEBT MARGIN INFORMATION,
LAST TEN FISCAL YEARS**

(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2023

Real Property Assessed Value	\$ 6,177,715
Public Service Corporations Real Property Assessed Value	220,176
Total Real Property Assessed Value (1)	<u>6,397,891</u>
Debt limit (10% of assessed value)	639,789
Debt applicable to limit:	
Less: General Obligation Debt	(276,319)
Legal Debt Margin	<u><u>\$ 363,470</u></u>

Description	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 516,248	\$ 520,266	\$ 532,834	\$ 536,633	\$ 542,171	\$ 551,301	\$ 581,317	\$ 591,166	\$ 637,594	\$ 639,789
Total net debt applicable to limit	<u>177,761</u>	<u>256,930</u>	<u>268,243</u>	<u>252,654</u>	<u>264,532</u>	<u>257,147</u>	<u>257,174</u>	<u>246,436</u>	<u>242,421</u>	<u>276,319</u>
Legal debt margin	<u>\$ 338,487</u>	<u>\$ 263,336</u>	<u>\$ 264,591</u>	<u>\$ 283,979</u>	<u>\$ 277,639</u>	<u>\$ 294,154</u>	<u>\$ 324,143</u>	<u>\$ 344,730</u>	<u>\$ 395,173</u>	<u>\$ 363,470</u>
Total net debt applicable to the limit as a percentage of the debt limit	34.43%	49.38%	50.34%	47.08%	48.79%	46.64%	44.24%	41.69%	38.02%	43.19%

Source: Chief Financial Officer, City of Lynchburg, Virginia.

(1) See Table 14 for Real Property Assessed Value information.

Note: The Constitution of Virginia, Article 7, Section 10(a) sets forth the City's legal debt limit at ten percent (10%) of its assessed valuation of real estate subject to taxation for the City's issuance of any bonds or other interest-bearing obligations. In August 1999, City Council adopted a Debt Management Policy that limits tax-supported debt to five percent (5%) of its assessed valuation of real estate subject to taxation. In December 2006, City Council amended the Debt Management Policy that limits tax-supported debt to four and a half percent (4.5%) of its assessed valuation of real estate subject to taxation. All debt information included in this Table includes principal only as required by Virginia law.

**PLEDGED REVENUE COVERAGE SEWER
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sewer Fund Operating Income	\$ 3,613,392	\$ 3,013,600	\$ 3,450,629	\$ 4,269,364	\$ 4,000,011	\$ 4,384,930	\$ 3,474,334	\$ 3,162,627	\$ 2,253,237	\$ 2,442,400
Plus:										
Depreciation & amortization	7,049,861	7,584,388	7,635,836	7,888,946	7,898,587	8,037,676	8,131,718	8,434,452	10,441,598	10,554,426
Interest income received	108,729	73,142	85,086	124,705	241,852	409,567	350,086	79,817	49,315	774,628
Capital contributions from members										
Regional Sewerage Treatment Plant	614,353	1,015,339	525,856	616,250	549,989	504,507	1,027,533	592,329	903,795	527,051
Governmental grants & miscellaneous income	21,929	10,400	11,821	19,824	47,687	47,717	270,958	53,235	100,365	87,420
Intergovernmental transfer (3)	126,734	126,734	126,734	-	-	-	-	-	-	-
Capitalized cost (2)	159,026	151,044	131,088	163,662	135,257	103,546	114,211	124,984	147,661	162,000
Net Revenue per Indenture (1)	<u>\$11,694,024</u>	<u>\$11,974,647</u>	<u>\$ 11,967,050</u>	<u>\$ 13,082,751</u>	<u>\$ 12,873,383</u>	<u>\$ 13,487,943</u>	<u>\$ 13,368,840</u>	<u>\$ 12,447,444</u>	<u>\$ 13,895,971</u>	<u>\$14,547,925</u>
Debt Service										
General obligation bonds										
Principal (5) (6)	\$ 1,860,166	\$ 1,962,544	\$ 1,990,110	\$ 2,059,474	\$ 1,863,830	\$ 1,607,228	\$ 1,384,934	\$ 1,326,351	\$ 1,395,513	\$ 1,390,302
Interest	908,213	1,058,566	1,046,664	891,725	987,085	1,052,708	1,100,070	1,059,949	981,590	1,111,845
Total	2,768,379	3,021,110	3,036,774	2,951,199	2,850,915	2,659,936	2,485,004	2,386,300	2,377,103	2,502,147
Revenue bonds										
Principal (4)	5,597,966	6,034,143	6,238,057	6,274,745	6,312,571	6,351,572	5,816,174	6,055,995	6,449,022	6,449,022
Interest	240,312	210,084	174,501	137,815	99,989	60,988	20,775	5,345	-	-
Total	5,838,278	6,244,227	6,412,558	6,412,560	6,412,560	6,412,560	5,836,949	6,061,340	6,449,022	6,449,022
Total Debt Service Principal and Interest	<u>\$ 8,606,657</u>	<u>\$ 9,265,337</u>	<u>\$ 9,449,332</u>	<u>\$ 9,363,759</u>	<u>\$ 9,263,475</u>	<u>\$ 9,072,496</u>	<u>\$ 8,321,953</u>	<u>\$ 8,447,640</u>	<u>\$ 8,826,125</u>	<u>\$ 8,951,169</u>
Debt Coverage	<u>1.36</u>	<u>1.29</u>	<u>1.27</u>	<u>1.40</u>	<u>1.39</u>	<u>1.49</u>	<u>1.61</u>	<u>1.47</u>	<u>1.57</u>	<u>1.63</u>

(1) On August 19, 1994, the Virginia Department of Environmental Quality (VDEQ) issued the City a discharge permit and a special Consent Order which established a compliance schedule and project priorities for implementation of a Combined Sewer Overflow (CSO) Control Plan. The compliance schedule did not contain fixed dates for finished CSO Control Plan Projects for achieving complete sewer system separation, but rather provided implementation that reflects the City's financial capability. On July 31, 2015, VDEQ issued a revised Consent Special Order which significantly changed the CSO Long Term Control Plan that includes an alternate list of projects. The former Consent Order included a debt coverage requirement for determining City's financial capability within an annual range of 1.1 to 1.5. The revised Consent Order includes a debt coverage ratio requirement within a range of 1.1 to 1.5 computed under a rolling three year average.

(2) Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

(3) For FY2012, the General Fund transferred \$688,036 to the Sewer Fund for maintenance and operation of the City's storm sewer system. For FY2014, FY2015, and FY2016, the Stormwater Operating Fund transferred \$126,734 to the Sewer Operating Fund which were annual installments to reimburse the Sewer Operating Fund for Stormwater Operating Fund's set up costs.

(4) For FY2014, the deletions in Note 9 for Public Utility Revenue Bonds are comprised of debt service payments of \$5,597,966 and a write down of \$7,779 for revenue bond debt.

(5) For FY2020, the payment of \$2,125,000 for the defeased August 13, 2009 Series B Bonds were excluded from Debt Service.

(6) For FY2020, Bond Anticipation Note of \$6,645,700 was paid with the issuance of January 30, 2020 General Obligation Bonds and therefore was excluded from Debt Service.

**PLEDGED REVENUE COVERAGE STORMWATER
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	2019	2020	2021	2022	2023
Stormwater Fund Operating Income	\$ 330,011	\$ 179,840	\$ 150,340	\$ (4,915)	\$ 144,138
Plus:					
Depreciation & amortization	275,261	295,876	419,151	456,956	400,339
Interest income received	60,794	39,235	5,873	3,223	128,896
Governmental grants & miscellaneous income	-	3,203	(9,761)	(14)	-
Intergovernmental transfer (1)	(337,500)	-	-	-	-
Capitalized cost (2)	33,883	48,319	33,256	31,299	55,254
Net Revenue per Indenture	<u>\$ 362,449</u>	<u>\$ 566,473</u>	<u>\$ 598,859</u>	<u>\$ 486,549</u>	<u>\$ 728,627</u>
Debt Service					
General obligation bonds					
Principal	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ 15,000
Interest	106	28,374	22,623	31,689	104,021
Total	106	28,374	37,623	46,689	119,021
Revenue bonds					
Principal	40,331	67,142	93,950	93,950	87,619
Interest	-	-	-	-	-
Total	40,331	67,142	93,950	93,950	87,619
Total Debt Service Principal and Interest	<u>\$ 40,437</u>	<u>\$ 95,516</u>	<u>\$ 131,573</u>	<u>\$ 140,639</u>	<u>\$ 206,640</u>
Debt Coverage	<u>8.96</u>	<u>5.93</u>	<u>4.55</u>	<u>3.46</u>	<u>3.53</u>

(1) For FY2019, the Stormwater Fund transferred \$337,500 to the General Fund to help mitigate cost impacts related to the August 2, 2018 Flood Event.

(2) Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2014	77,874	2,833,212	36,382	30.3	8,583	5.3
2015	78,675	2,933,004	37,280	30.3	8,577	4.5
2016	79,531	2,979,549	37,464	30.3	8,566	4.1
2017	80,380	3,100,337	38,571	30.3	8,500	3.7
2018	81,339	3,250,794	39,966	30.3	8,438	3.0
2019	80,783	3,341,589	41,365	28.3	8,286	2.8
2020	81,266	3,624,301	44,598	28.3	8,238	8.1
2021	80,054	3,792,478	47,374	28.6	7,961	4.8
2022	80,127	*	*	*	7,879	3.3
2023	80,127	*	*	*	7,903	3.2

Source: Chief Financial Officer, City of Lynchburg, Virginia.

(1) Weldon Cooper Center for Public Service, University of Virginia www.coopercenter.org
Figures given are the final estimate for that year. Since the estimate for the current fiscal year is not available at this time, the prior year data is given. 2012 through 2022 based on a July 1st estimate published on January 30, 2023.

(2) U.S. Department of Commerce, Economic and Statistic Administration, Bureau of Economic Analysis
Per Capita Personal Income multiplied by Population.
Annual dollars revised due to revisions in Per Capita Personal Income (see note 3 below).

(3) U.S. Department of Commerce, Economic and Statistic Administration, Bureau of Economic Analysis
Report MAINC1 - Personal Income Summary:
<https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=7#reqid=70&step=1&isuri=1&acrdn=7>
MSA Map corroborates 2019 number - <https://apps.bea.gov/regional/bearfacts/action.cfm>
The information was last updated November 16, 2022.
The Table has been revised to reflect these changes.

(4) United States Census - 2020

(5) Virginia Department of Education reported by Lynchburg City Schools. Enrollment as of September 30 for each year.
These figures were previously reported based on preliminary information provided by Lynchburg City Schools and have been updated with the information available from the Virginia Department of Education. The figures given are as of September 30 of the prior year. <https://p1pe.doe.virginia.gov/apex/f?p=180:1:7684774037451:>

(6) Virginia Employment Commission & U.S. Department of Labor, Bureau of Labor Statistics, as of September 27, 2023.
2013-2023 Unemployment Rate have been adjusted to reflect the most current data available.
<https://data.bls.gov/timeseries/LASST5100000000000003> | <https://www.bls.gov/news.release/metro.t01.htm>

* Information unavailable

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2023	2014
	Employees	Employees (1)
Liberty University (2)(3)	4000-4999	5000+
Centra Health, Inc.	2500-2999	5000+
Lynchburg City Schools	1500-1999	1500-1999
City of Lynchburg	1000-1499	1000-1499
Framatome (4)	1000-1499	1500-1999
Central Virginia Community College	500-999	
Delta Star, Inc.	500-999	
Frito-Lay, Inc.	500-999	250-499
Horizon Behavioral Health (5)	500-999	500-999
J. Crew Outfitters	500-999	1000-1499
KDC (6)	500-999	500-999
Kroger, Inc.	500-999	500-999
Southern Air, Inc.	500-999	
Wal-Mart Stores, Inc.	500-999	500-999
Belvac Production Machinery	250-499	
C.B. Fleet Company, Inc.	250-499	
Genworth Financial Inc.	250-499	1000-1499
L3Harris	250-499	500-999
Lowes	250-499	
LSC Communications (8)	-	250-499
Masterbrand	250-499	
Pacific Life	250-499	
Randolph College	250-499	
University of Lynchburg (7)	250-499	500-999
US Pipe	250-499	
Westminster-Canterbury	250-499	
Employed Civilian Labor Force (June 2023) Lynchburg City - Virginia		
Employment Commission		37,169
Employed Civilian Labor Force (June 2014) Lynchburg City - Virginia		
Employment Commission		36,539

Source: FY2023 numbers are derived from Office of Economic Development and Tourism, City of Lynchburg, VA, or employer contact, as of June 30, 2023.

Source: FY2014 numbers are derived from City of Lynchburg Annual Report.

(1) Numbers as reported in the FY2014 Annual Financial Report.

(2) Liberty University operates an online higher education institution, and as a result a number of employees live outside of the City.

(3) Combined numbers for TRBC and Liberty University for 2014

(4) Formerly Areva

(5) Formerly Central Virginia Community Services

(6) Formerly Tri-Tech Laboratories

(7) Formerly Lynchburg College

(8) Formerly R.R. Donnelley

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Functions/Programs	Full-Time Equivalent Employees as of June 30									
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Adopted
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ⁽¹⁾
Primary government:										
Council Manager Offices	6.0	6.0	6.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0
Parking Division ⁽⁵⁾	5.0	5.7	5.7	5.7	5.7	5.7	5.7	4.7	-	-
City Assessor	9.6	9.6	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
City Attorney	6.9	6.9	6.9	6.9	6.9	7.9	7.9	7.9	7.9	9.1
Commissioner of Revenue (State)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Commissioner of Revenue (City)	4.4	4.4	4.4	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Communications and Public Engagement	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Local Government Channel ⁽⁴⁾	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0
Citizens First Customer Service Center ⁽⁴⁾	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Financial Services	41.7	41.7	41.7	40.7	39.0	39.0	38.5	38.5	39.5	40.5
Financial Services-Human Services ⁽²⁾	6.0	5.7	5.7	-	-	-	-	-	-	-
Human Resources	10.0	9.6	9.6	9.6	9.5	9.6	8.7	7.7	8.7	9.1
Information Technology	30.0	30.0	32.0	32.0	32.0	33.8	33.6	33.6	33.6	33.0
Registrar and Electoral Board (State)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Registrar and Electoral Board (City)	1.5	1.5	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0
State Treasurer (State)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
State Treasurer (City)	-	-	-	-	0.7	0.7	0.7	-	-	-
Risk Management Fund	3.0	2.9	2.9	2.9	3.1	3.1	3.1	3.1	3.1	3.1
Circuit Court Clerk (State)	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Circuit Court Clerk (City)	-	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0
Circuit Court Judges	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Commonwealth Attorney (State)	14.9	15.2	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Commonwealth Attorney (City)	2.8	1.7	2.2	5.7	4.8	3.8	4.8	5.0	4.0	5.5
Sheriff (State)	22.0	22.0	22.0	21.0	19.0	18.0	17.0	17.0	16.0	16.0
Sheriff (City)	8.6	8.0	8.4	8.4	8.3	8.4	8.4	11.3	11.3	11.3
Regional Juvenile Detention Center Fund	45.1	45.1	45.1	41.1	44.1	44.1	45.1	45.1	45.1	45.1
Police Department	199.8	199.8	200.8	204.3	204.0	207.1	207.1	206.3	209.3	213.3
Emergency Services	35.6	35.6	36.6	36.6	36.6	36.6	36.6	36.6	36.6	42.6
Fire Department	187.5	187.5	189.5	189.5	189.5	189.5	189.5	189.5	198.5	199.5
Public Works Administration	10.0	10.7	10.7	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Buildings and Grounds Maintenance	72.3	72.3	74.2	74.3	74.3	74.3	72.3	72.3	72.3	72.3
Engineering Division	30.7	31.2	32.2	32.2	32.7	32.7	33.7	33.7	33.7	34.2
Street, Traffic, and Refuse Maintenance	47.5	48.5	46.3	47.0	46.2	46.2	46.9	48.9	50.0	50.0
Health and Human Services	170.1	167.9	170.5	176.3	173.3	175.3	177.3	177.3	180.3	181.6
Cultural and Recreational	97.4	94.6	97.0	95.0	94.0	85.2	80.5	81.5	82.6	93.1
Community Development	22.0	22.0	23.0	23.0	23.8	23.8	24.3	25.3	25.5	26.5
Economic Development, Tourism, and Visitor Center ⁽³⁾	-	-	12.3	12.3	9.8	19.8	18.7	18.7	19.7	19.8
Economic Development ⁽³⁾	3.0	3.0	-	-	-	-	-	-	-	-
Tourism and Visitor Center ⁽³⁾	3.9	11.8	-	-	-	-	-	-	-	-
Fleet Services Fund	10.5	11.0	10.6	11.1	11.4	11.4	10.0	11.0	12.0	14.0
Business-type activities:										
Airport Fund	17.7	17.7	17.7	17.7	17.7	18.3	18.3	19.2	19.2	19.2
Water Fund	69.1	69.0	70.4	72.4	73.4	75.4	77.4	77.4	80.4	84.8
Sewer Fund	52.5	52.5	53.5	55.5	55.5	56.5	56.5	55.9	57.9	59.9
Stormwater Fund	5.8	7.1	7.1	9.1	9.0	10.1	11.1	11.1	11.1	11.1
	1,285.9	1,291.2	1,302.5	1,309.4	1,304.4	1,316.4	1,314.8	1,320.2	1,340.7	1,377.0

Source: Adopted Budget Documents, City of Lynchburg, Virginia

(1) FY2023 actual will be available with the FY2024 adopted budget.

(2) Financial Services-Human Services joined with Health and Human Services in FY2017.

(3) Tourism and Visitor Center were formed in FY2014 and joined with Economic Development in FY2016.

(4) Citizens First and Local Government Channel will join with Communications and Marketing beginning in FY2024.

(5) Parking Management was split and joined between Financial Services and the Police Department in FY2023.

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Physical Arrests (6)	5,927	5,435	5,047	4,608	4,614	5,084	5,014	4,703	4,263	4,623
Traffic Violations	10,366	10,344	8,581	5,667	5,887	6,064	5,746	4,323	3,753	5,772
Parking Violations (7)	4,854	6,812	5,718	6,642	5,916	5,807	4,954	4,635	3,417	5,831
Fire (2)										
Number of Fire calls answered (per month)	268	241	277	296	284	175	220	195	266	268
Number of inspections conducted (3) (4) (5)	291	192	441	332	465	587	519	365	440	471
Number of EMS calls	20,113	19,426	19,169	19,296	15,509	11,776	12,190	12,931	13,836	15,740
Sanitation and Refuse										
Refuse collected (tons/day)	65.58	55.70	63.17	65.37	65.50	69.53	61.27	67.47	63.29	60.64
Recyclables collected (tons/day)	5.26	4.10	7.09	6.04	5.27	4.27	5.59	4.41	4.13	3.81
Airport										
Total number of passengers	157,074	153,729	154,218	159,523	157,452	172,449	147,139	109,328	143,022	144,162
Sewage										
Number of service connections (1)	19,057	19,060	19,083	19,149	19,186	19,363	19,493	19,606	19,662	19,834
Average daily treatment in million gallons	12.20	11.33	12.97	11.19	11.53	14.80	12.71	14.45	11.74	11.86
Maximum daily average capacity of treatment plant in million gallons	22	22	22	22	22	22	22	22	22	22
Maximum daily capacity of treatment plant in million gallons	44	44	44	44	44	44	44	44	44	44
Water										
Number of service connections (1)	22,628	22,640	22,716	22,786	22,807	22,982	23,119	23,214	23,268	23,451
Average daily consumption of plant in million gallons	10	10	11	11	10	10	10	11	11	11
Maximum daily capacity of plant in million gallons	26	26	26	26	26	26	26	26	26	26

Source: City Departments, City of Lynchburg, Virginia

(1) The amounts reported do not include stormwater accounts.

(2) The City implemented an enhanced reporting system in FY2013. The new system more accurately reports fire calls, inspections and EMS calls.

(3) In FY2012, number of inspectors in the Fire Marshal's Office dropped from 4 to 3 and in FY2015 the number dropped from 3 to 2 due to retirement.

(4) In FY2016, the Fire department trained additional field employees to conduct inspections and the inspections were conducted off-duty with paid overtime funds.

(5) In FY2017, fewer field employees were available to conduct off-duty inspections due to staffing issues.

(6) Physical arrests are considered incidents in which individuals are physically detained and brought into the police station.

(7) Parking violations include violations from Parking Management and the Police Department.

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units (7)	57	60	83	91	81	116	114	90	86	85
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection Trucks	22	20	20	19	21	19	18	23	23	21
Highways and Streets										
Street (miles)	379.36	378.10	378.95	378.95	381.32	381.32	383.53	384.50	382.11	385.71
Streetlights	10,287	10,347	10,347	10,378	10,504	10,521	10,535	10,649	10,649	10,906
Traffic signals	120	121	120	116	113	113	113	104	103	102
Culture and Recreation										
Community centers	7	7	7	6	6	6	7	7	7	7
Senior centers	1	1	1	1	1	1	1	1	1	1
Parks	21	21	21	21	21	21	21	21	21	21
Parks acreage (1)	948	948	948	948	948	948	953	953	953	953
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts (2)	40	40	40	40	40	40	40	40	40	40
Gymnasiums	7	7	7	7	7	7	7	7	7	7
Sewage system										
Storm sewers (miles) (3)	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped
Water										
Fire hydrants	3,204	3,210	3,230	3,253	3,289	3,303	3,347	3,364	3,400	3,446
Storage capacity (thousands of gallons)	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Sewer										
Average daily sewage treatment (MGD)	12.20	11.33	12.97	11.19	11.53	14.80	12.71	14.45	11.74	11.86
Maximum daily sewage treatment (MGD)	39.07	30.47	38.82	32.95	47.04	55.40	33.80	33.82	28.75	31.63
Transit - route service buses (4)	39	39	39	39	39	39	39	34	36	32
Transit - paratransit service buses (5)	14	14	17	13	13	13	13	13	13	13
Facility and service not included in the reporting entity:										
Education										
Number of elementary schools (6)	11	11	11	11	11	11	11	11	11	11
Number of secondary schools	5	5	5	5	5	5	5	5	5	5
Number of community colleges	1	1	1	1	1	1	1	1	1	1
Number of universities or colleges	4	4	4	4	4	4	4	4	4	4
Hospitals										
Number of hospitals	2	2	2	2	2	2	2	2	2	2
Number of patient beds (8)	519	519	519	519	519	519	519	519	519	519

Source: City Departments, City of Lynchburg, Virginia

- (1) Including Blackwater Creek Natural Area.
- (2) 10 locations with a total of 40 courts - including schools.
- (3) Mapping is under development. Complete information is not available.
- (4) GLTC no longer provides service to Liberty University, and is reducing the fleet size through attrition to meet the Federal Transit Administration's (FTA) spare ratio requirement
- (5) GLTC purchased new paratransit buses to better serve the elderly population.
- (6) Kizer Elementary School used for Special Education, therefore, excluded from total number of elementary schools for reporting purposes.
- (7) Patrol units are defined as vehicles used by the Police department and Animal Control in their daily operations.
- (8) FY2019 reported the number of licensed beds; this amount has been updated to report the actual number of patient beds.

TABLE 30

**CITY OF LYNCHBURG, VIRGINIA
LYNCHBURG CITY SCHOOLS
STUDENT ENROLLMENT, EMPLOYEES AND SCHOOLS BY FISCAL YEAR
LAST TEN YEARS**

<u>Description</u>	<u>Student Enrollment, Employees and Schools by Fiscal Year</u>									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Elementary School Membership	4,020	3,921	3,982	3,985	3,839	3,723	3,683	3,420	3,433	3,477
Secondary School Membership	4,171	4,216	4,191	4,270	4,213	4,258	4,250	4,245	4,126	4,083
Total Membership	<u>8,191</u>	<u>8,137</u>	<u>8,173</u>	<u>8,255</u>	<u>8,052</u>	<u>7,981</u>	<u>7,933</u>	<u>7,665</u>	<u>7,559</u>	<u>7,560</u>
Instructional and Administrators (1)	850	967	1,019	994	948	1,003	1,018	1,046	1,044	1,227
Support (1)	458	426	434	479	404	373	389	349	273	271
Total Employees	<u>1,308</u>	<u>1,393</u>	<u>1,453</u>	<u>1,473</u>	<u>1,352</u>	<u>1,376</u>	<u>1,407</u>	<u>1,395</u>	<u>1,317</u>	<u>1,498</u>
Elementary Schools (2)	11	11	11	11	11	11	11	11	11	11
Secondary Schools (3)	5	5	5	5	5	5	5	5	5	5
Total Buildings	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>

(1) Includes only full-time equivalent positions funded through the operating budget. For 2010 - 2018, the classification of instruction assistants were not consistent. Beginning with 2019, all instructional assistants are included in the Instructional and Administrators category.

(2) Does not include LAUREL Regional Program, now being used for special education students.

(3) Does not include the Empowerment Academy, an alternative education environment that provides high school students in the need of credit recovery, SOL support, and/or specialized academic assistance with an intimate, individualized instructional setting that will ensure that they achieve their academic and post-graduate goals.

**Actual Average Daily Student Enrollment by Grade and Fiscal Year
(Based on September 30th Actual Enrollment)**

<u>Grade</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
K	732	567	667	670	636	630	664	543	566	621
1	738	719	701	653	664	625	614	615	563	581
2	692	696	677	695	630	626	595	565	607	567
3	619	658	675	675	624	594	610	564	560	582
4	642	638	637	662	653	623	585	574	565	563
5	597	643	625	630	632	625	615	559	572	563
6	604	615	619	630	591	626	604	600	542	550
7	607	608	597	616	609	595	627	591	577	554
8	613	585	597	613	595	601	564	629	582	581
9	599	639	610	641	646	660	636	618	755	636
10	609	596	619	595	623	632	643	624	567	675
11	606	612	591	605	549	587	600	604	556	540
12	<u>533</u>	<u>561</u>	<u>558</u>	<u>570</u>	<u>600</u>	<u>557</u>	<u>576</u>	<u>579</u>	<u>547</u>	<u>547</u>
Total	<u>8,191</u>	<u>8,137</u>	<u>8,173</u>	<u>8,255</u>	<u>8,052</u>	<u>7,981</u>	<u>7,933</u>	<u>7,665</u>	<u>7,559</u>	<u>7,560</u>

THIS PAGE INTENTIONALLY BLANK

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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 the City Council and the City Manager
City of Lynchburg, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as Item 2023-001, that we consider to be a material weakness.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs, as Item 2023-002.**

City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Honorable Members of the City Council and the City Manager
City of Lynchburg, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lynchburg, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Lynchburg 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, 2023

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. **Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.**

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

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY
CHARGE PROGRAM AUDIT GUIDE**

To the Honorable Members of the City Council and the City Manager
City of Lynchburg, Virginia

Report on Compliance

Opinion on Compliance

We have audited the City of Lynchburg, Virginia's (the "City") compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for its passenger facility program (the "Program") for the year ended June 30, 2023.

In our opinion, the City of Lynchburg complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the Program for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for its passenger facility program (the "Program"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Report on Compliance (Continued)

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the 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 the 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 the 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.

Report on Internal Control over Compliance (Continued)

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

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

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 1, 2023

CITY OF LYNCHBURG, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS June 30, 2023

As more fully described in the Independent Auditor's 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*, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws
Cash and Investment Laws
Conflicts of Interest Act
Local Retirement Systems
Debt Provisions
Procurement Laws
Comprehensive Services Act
Uniform Disposition of Unclaimed Property Act
Sheriff Internal Controls

State Agency Requirements

Education
Social Services
Stormwater Utility Program
Urban Highway Maintenance
Fire Programs Aid to Localities

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

FEDERAL AVIATION ADMINISTRATION COMPLIANCE MATTERS

Passenger Facility Charge Audit Guide for Public Agencies

Requirements of laws and regulations required by the Federal Aviation Administration in relation to the passenger facility charge program.

CITY OF LYNCHBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies and one material weakness** relating to the audit of the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies and no material weaknesses** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major programs**.
7. The major programs of the City are:

Name of Program	Assistance Listing #
Child Nutrition Cluster - School Breakfast Program	10.553
Child Nutrition Cluster - National School Lunch Program	10.555
Child Nutrition Cluster - Summer Food Service Program for Children	10.559
Coronavirus State and Local Fiscal Recovery Funds	21.027
Elementary and Secondary School Emergency Relief Fund	84.425D
American Rescue Plan – Elementary and Secondary School Emergency Relief	84.425U
Foster Care – Title IV-E	93.658

8. The **threshold for** distinguishing Type A and B programs was **\$2,535,942**.
9. The City of Lynchburg was determined to be a **low-risk auditee**.
10. Passenger Facility Charge Program:
 - a. **No significant deficiencies** relating to the audit of the Passenger Facility Charge Program were reported in the Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with the *Passenger Facility Charge Program Audit Guide*.
 - b. The auditor's report on compliance for the Passenger Facility Program expresses an **unmodified opinion**.
 - c. The audit disclosed **no audit findings relating to the Passenger Facility Charge Program**.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001: Timely Reconciliations and Financial Reporting (Material Weakness)

Condition:

As part of the Schools' audit, we proposed multiple significant adjustments related to cash and accrued liabilities, including estimates of future insurance claims, resulting in significant adjustments to amounts due to/from the primary government balances.

Recommendation:

We suggest management implement procedures, such as monthly reviews and reconciliations of account balance for accounting implications, periodic comparison of estimates with actual results, and consideration of other accounting policies for appropriateness. Additionally, all adjustments that were made as a result of our current year audit should be reviewed during the next year as a reminder of matters requiring accounting attention in preparing for the 2024 audit.

Management's Response:

The Finance Department agrees with the recommendations listed above. Deficiencies in the reconciliation process were due to several factors, including staff shortages, staff in new positions, and lack of training. The FY23 audit has provided learning opportunities that will allow future improvement; this includes additional and ongoing training, implementation of updated forms and procedures, and changes in monthly reconciliation processes and procedures, which will involve multiple department personnel. These changes in best practices should result in monthly reviews in preparation for the FY24 audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

CITY OF LYNCHBURG, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

D. FINDINGS – COMMONWEALTH OF VIRGINIA

2023-002: Budget Appropriations

Condition:

The School Operating Fund expenditures exceeded budgeted appropriations in instruction and operations and maintenance at the functional level for the year ended June 30, 2023.

Recommendation:

Steps should be taken to ensure that excess expenditures over budgeted appropriations are approved by the School Board and the budget amended accordingly.

Management's Response:

The instructional fund overage was due to the need for timely reconciliations of several accounts, primarily health insurance. The overage in the operations and maintenance fund was caused by the same issue as the instructional overage. The reconciliation of several accounts not being done in a timely fashion resulted in unanticipated overages in certain funds. Due to this oversight, a substantial entry had to be made during the audit. The auditor noted this issue as a weakness. The corrective action steps and more detailed monitoring should prevent future overages.

The overage was only at the function level and the total operating fund expenditures were not exceeded.

E. FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY CHARGE PROGRAM

None.

CITY OF LYNCHBURG, VIRGINIA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023**

A. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2022-001: Controls over Benefit Approval - Supplemental Nutrition Assistance Program – AL# 10.651

Condition:

During our review of eligibility, we noted that one individual's income was not reviewed resulting in additional benefits until the error was identified.

Criteria:

All support for individual's income should be reviewed to ensure benefits are accurate.

Cause:

The case worker entered the number incorrectly and it was not reviewed.

Effect:

Individual was paid SNAP benefits for four months that they were not eligible for.

Questioned Cost Amount:

An overpayment of \$1,743.

Perspective Information:

One out of twenty-five tested.

Recommendation:

We recommend that all inputs are reviewed by supervisors to ensure calculations are correct.

Current Status:

This program was not tested as a major program in fiscal year 2023.

CITY OF LYNCHBURG, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023

B. FINDINGS – COMMONWEALTH OF VIRGINIA

2022-002: Budget Appropriations

Condition:

The School Operating Fund expenditures exceeded budgeted appropriations in operations and maintenance at the functional level for the year ended June 30, 2022.

Recommendation:

Steps should be taken to ensure that excess expenditures over budgeted appropriations are approved by the School Board and the budget amended accordingly.

Current Status:

Condition still exists in the current year. See finding 2023-002.