

**CITY OF
LYNCHBURG, VIRGINIA**

Comprehensive Annual Financial Report
for the fiscal year ended June 30, 2021

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2021

**CITY OF LYNCHBURG,
VIRGINIA**

Prepared by:
Financial Services

CITY OF LYNCHBURG, VIRGINIA

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INTRODUCTORY SECTION



THE CITY OF LYNCHBURG, VIRGINIA

OFFICE OF THE
CITY MANAGER

900 Church Street, Lynchburg, Virginia 24504
www.lynchburgva.gov
TEL: (434) 455-3990
FAX: (434) 847-1536

November 19, 2021

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

The Comprehensive Annual Financial Report (Annual Report) for the City of Lynchburg, Virginia, (City) for the year ended June 30, 2021, 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 that the financial statements of the City be audited by an independent certified public accountant. Brown, Edwards & Company, LLP has performed an audit of the Comprehensive Annual Financial Report (Annual Report). 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 and the Greater Lynchburg Transit Company.

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, Lynchburg City Schools (LCS), Business Development Centre, Inc., and Greater Lynchburg Transit Company (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. 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 re-adopted by City Council in December 2019. During the fiscal year, adherence to these financial policies guided the City's management of its investment portfolio, the maintenance of budget reserve levels, and the development of the Capital Improvement Plan.

As required by law, each year, at least 45 days prior to June 30, the City Manager submits to City Council a recommended 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 Comprehensive Annual Financial Report. 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 81,266, Lynchburg is an important commercial center for the four-county region known as Central Virginia. It serves a regional population of just over 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 proper administration of 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 for four years and are staggered so a portion of Council is elected every two years. The 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

In 2018, the Office of Economic Development & Tourism launched a five-year strategic action plan, the *Blueprint for Opportunity*. Centered around five goals, the framework will keep the City focused on growing and expanding Lynchburg's existing industry base, engaging anchor institutions, building a better workforce pipeline, enhancing tourism and neighborhood assets, and telling the City's story to the world.

The Lynchburg business community continues to lead the regional economy with significant capital investment and job creation. Even with the impact of COVID-19, the City issued \$182.2 commercial construction permits in FY 2021. With 2,512 licensed businesses in Lynchburg, 49% of those have been in business ten years or more.

In 2020, Flowers Bakery completed their expansion investing \$10 million in building expansion and renovation and \$19 million in new machinery to become an all-organic facility. The Lynchburg operation exclusively makes Dave's Killer Bread and distributes throughout the East Coast.

In October 2019, CloudFit Software announced that the company's new headquarters will locate in the historic Carter Glass Building in Downtown Lynchburg as part of a \$5 million renovation. CloudFit Software was named among the Inc. 5000 as one of the nation's fastest-growing private companies in 2021. CloudFit also won Microsoft's U.S. Partner Award for Defense & Intelligence for 2021.

As part of the Blueprint, the Office of Economic Development & Tourism has partnered with Campbell County to engage Edison Welding Institute (EWI). EWI is an advanced engineering service provider with applied research and development capabilities to support innovation in Lynchburg's existing advanced manufacturing sector and promote business expansion in the City.

Headquartered in Lynchburg, BWX Technologies, Inc. is a leading supplier of nuclear components and fuel to the U.S. government. In 2021, BWXT was named to the top spot in IndustryWeek's annual list of 50 best U.S. Manufacturers.

Another expansion in 2021 was completed by Virginia Metal Treating with a \$5.7 million new facility specializing in heat treating which doubled their employment.

In the education sector, Liberty University completed construction on a new Liberty Arena which is a 125,000 square-foot facility attached to the Vines Center to be used mostly for volleyball and basketball games. Also completed in 2021 was a new nine-story parking garage with 2,100 spaces to assist with parking for the Vine Center and new Liberty Arena. Construction also began on a new \$7 million indoor tennis facility. The University is scheduled to host the 2021 ASUN Men's and Women's Tennis Championships.

The City continues to maintain its role as an employment and commercial center for Central Virginia. In FY 2021, real property assessments have experienced slight growth and personal property assessments have experienced continued growth due to less new vehicles being available for sale. Consumption driven revenues, including sales, meals, and lodging taxes, were impacted by the pandemic but significantly exceeded FY 2021 projections due to economic recovery being more than anticipated. Looking ahead, real property assessments will grow as a result of the biennial (every two years) reassessment and personal property values are projected to grow compared to the FY 2021 Adopted Budget.

The City received \$14.2 million from the Coronavirus Aid, Relief, and Economic Security Act. In an effort to support small business in the City of Lynchburg, \$4 million was allocated to the Economic Development Authority to providing grants to 336 businesses impacted by the pandemic.

As part of a long-term financial plan, five-year revenue projections are developed with a focus on ensuring that forecasts are based on the latest economic conditions as well as a changing environment such as the changes in personal 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.

During 2018 and 2019, several conversations with City Council and department heads have led to the identification of areas of needed focus, the development of ideas for how we move forward and robust consideration of how we determine our progress. *The Lynchburg Plan* is the outcome of months of conversations and thought about what our organization needs to do to set the path forward for long-term success. *The Lynchburg Plan* is broken down into 4 priority areas: the City's growing and redeveloping economy; exceptional neighborhoods and strong families; a resilient, agile, and innovative organization; and an impactful public schools. Within these priorities, eight goals have been set with operational initiatives and metrics to gauge progress. City Council continues to work through *The Lynchburg Plan* to ensure it correctly represents their vision for the City. City Council will receive updates on an annual basis.

Major Initiatives and Accomplishments

Education

The Virginia Department of Education released its annual state-level, division-level and school-level cohort reports, detailing outcomes for students who were scheduled to graduate in 2020. Lynchburg City Schools (LCS) was slightly ahead of 2019 with an 85% on-time graduation rate.

Infrastructure

Infrastructure improvements in FY 2021 include the ongoing Main Street Renewal project, the construction of Lakeside Drive Bridge over Blackwater Creek, the design of the Police Department Headquarters, the replacement of Link Road Bridge, and the Riverside Park Overlook restoration.

Technology

The City once again was recognized nationally as a leader in using information technology to assist in service delivery. In its 19th annual Digital Cities Survey, e.Republic's Center for Digital Government and Digital Communities Program ranked Lynchburg first in the nation among city governments in the 75,000 – 124,999 population category. Lynchburg has been ranked in the top ten for seventeen consecutive years, being ranked first for communities of its size in four of those years. The City was also recognized by Google as the highest city in the nation (regardless of size) for being Future Ready.

Transportation

Greater Lynchburg Transit Company (GLTC) 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. Heavily impacted by COVID-19, GLTC is currently operating seven days a week with fare-free rides funded by CARES.

The City is also served by the Lynchburg Regional Airport, a Federal Aviation Administration-designated small non-hub commercial airport with significant general aviation flight and training activity. The Lynchburg Regional Airport received \$6,647,475 in CARES funding. These funds are available through June 2024 for revenue replacement. Before the economic impact of COVID-19, the airport had a total of 14 scheduled airline arrivals and departures daily. The Airport has been notified in November 2020 scheduled arrivals and departure will be back to 10 utilizing larger aircraft than before COVID-19 began.

Prospects for the Future

As the City moves forward in an ever-changing environment, City staff continues to work diligently with community partners and the Economic Development Authority (EDA) to ensure Lynchburg continues to be a dynamic, vibrant City where there are economic opportunities for all. Marketing efforts continue to target prospects for appropriate commercial development to ensure the City remains the shopping and dining destination of the region. Tourism continues to play an important role with City staff working to keep Lynchburg “A Great Place to Live, Work and Play!”

Certificates of Achievement for Excellence

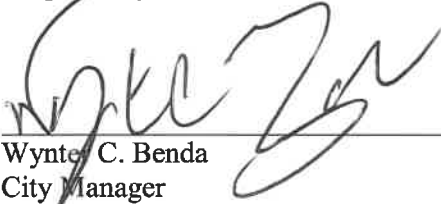
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lynchburg for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This is the City's twenty-fourth consecutive year receiving this award.


GFOA also awarded the Distinguished Budget Presentation Award to the City of Lynchburg for its FY 2020 Adopted Budget. This is the City's sixteenth consecutive year receiving this award.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the leadership of Rhonda Allbeck, Assistant Director of Financial Services, 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, 2021

CITY COUNCIL

MaryJane Dolan, Mayor

Beau Wright, Vice-Mayor
J. Randolph “Randy” Nelson
Sterling A. Wilder

Jeff S. Helgeson
Trenay Tweedy
Chris Faraldi

CITY OFFICIALS

Reid A. Wodicka
Kent L. White
Walter C. Erwin, III
Donna Witt

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

SCHOOL BOARD

Dr. James Coleman, Chair

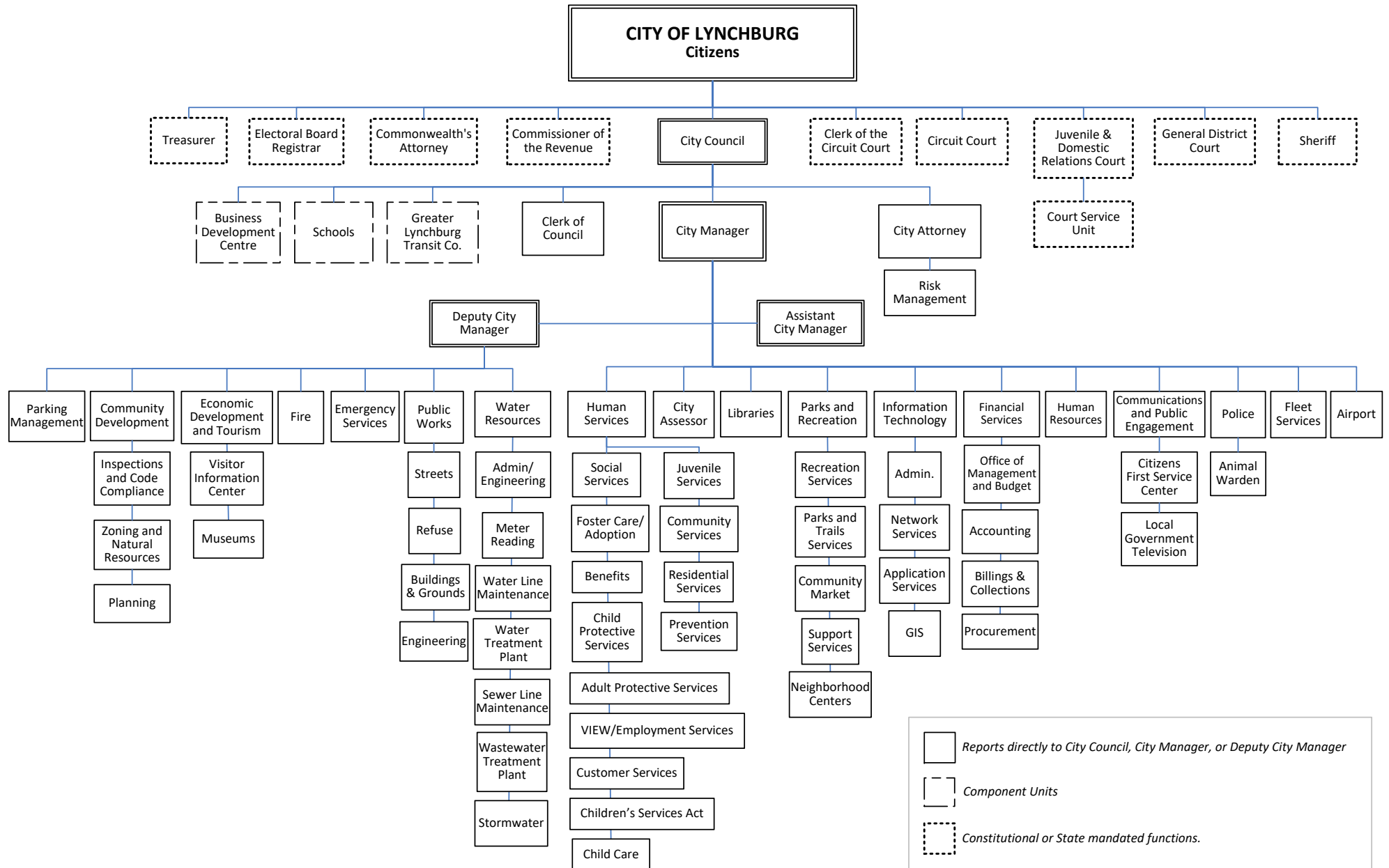
Dr. Robert Brennan, Vice Chair
Mrs. Belle H. Evans
Mr. Gary E. Harvey
Dr. Michael J. Nilles

Dr. Sharon Y. Carter
Dr. Atul Gupta
Mrs. Susan D. Morrison
Dr. Kimberly A. Sinha

SCHOOL BOARD OFFICIALS

Dr. Crystal M. Edwards
Mrs. Amy T. Pugh
Mrs. Kimberly D. Lukanich.

Superintendent of Schools
Deputy Superintendent
Chief Financial Officer





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lynchburg
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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 Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Auditor's Responsibility (Continued)

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia, as of June 30, 2021, 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.

Adoption of New Accounting Standard

As described in Note 25 to the financial statements, in 2021, the City adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also 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 not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, 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
November 19, 2021

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, 2021. 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, 2021 by \$446.2 million (net position). Unrestricted net position of (\$49.7) million represented (\$71.8) million for governmental activities, which included the general fund, and \$22.1 million for business-type activities, which included the enterprise funds (water, sewer, stormwater, and airport).
- The general fund's unassigned fund balance of \$49.8 million was 25.3% of total general fund revenues, which were \$197.0 million. This was \$30.1 million more than the City Council adopted unassigned fund balance policy requirement of 10%, or \$19.7 million.
- In comparison with the prior fiscal year, the City's total net position increased 8.5%, or \$35.1 million, from FY 2020. Net position of governmental activities increased 17.1%, or \$25.3 million, from FY 2020; and, net position of business-type activities increased 3.7%, or \$9.8 million. The Schools' total net position increased 1.4% or \$1.3 million, from FY 2020.
- The City's total revenues of \$287.3 million increased 4.9%, or \$13.5 million, and total expenses of \$252.2 million increased 3.6%, or \$8.8 million, from FY 2020. General revenues of \$152.7 million were \$35.1 million more than the expenses net of program revenues of \$117.6 million.
- For the current fiscal year, the City's total liabilities and deferred inflows of resources of \$673.3 million decreased 0.4% or \$2.8 million from FY 2020.
- The City decreased its overall debt by \$15.9 million. Governmental activities decreased by \$9.8 million and business-type activities decreased by \$6.1 million. This includes the issuance of new debt totaling \$23.9 million, of which \$13.4 million was for governmental activities and \$10.5 million was for business-type activities. Debt retirements, through a combination of planned retirements and debt refunding, totaled \$39.8 million; of which \$23.2 million was for governmental activities and \$16.6 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, liabilities, and deferred inflows/outflows 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 Comprehensive Annual 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, 2021/2020
(in millions)***

	Governmental Activities		Business-Type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2021	2020	2021	2020	2021	2020	2021-2020	2021	2020
Current and other assets	\$ 178.0	\$ 162.3	\$ 58.9	\$ 67.4	\$ 236.9	\$ 229.7	3%	\$ 16.7	\$ 16.8
Capital assets	413.3	405.8	430.8	420.1	844.1	825.9	2%	8.2	6.7
Total assets	591.3	568.1	489.7	487.5	1,081.0	1,055.6	2%	24.9	23.5
Total deferred outflows of resources	33.0	27.0	5.5	4.6	38.5	31.6	22%	26.9	22.2
Long-term liabilities	357.4	354.8	210.5	214.3	567.9	569.1	0%	113.7	108.1
Other liabilities	26.0	25.4	6.3	7.8	32.3	33.2	-3%	10.8	11.8
Total liabilities	383.4	380.2	216.8	222.1	600.2	602.3	0%	124.5	119.9
Total deferred inflows of resources	67.8	67.1	5.3	6.7	73.1	73.8	-1%	17.6	17.4
Net Position									
Net investment in capital assets	241.4	235.9	251.0	250.8	492.4	486.7	1%	8.2	6.7
Restricted for Capital projects	0.1	0.7	-	-	0.1	0.7	-86%	-	-
Restricted for Grants and other	3.4	2.6	-	-	3.4	2.6	31%	-	-
Unrestricted	(71.8)	(91.4)	22.1	12.5	(49.7)	(78.9)	-37%	(98.5)	(98.3)
Total net position	\$ 173.1	\$ 147.8	\$ 273.1	\$ 263.3	\$ 446.2	\$ 411.1	9%	\$ (90.3)	\$ (91.6)

The City's total net position of \$446.2 million increased 8.5%, or \$35.1 million, from FY 2020.

Net investment in capital assets of \$492.4 million was 110.4% of total net position and increased 1.2%, or \$5.7 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 (\$49.7) million, which is comprised of (144.5%), or (\$71.8) million, for governmental activities, and 44.5%, or \$22.1 million, for business-type activities. Unrestricted net position available for providing services to the citizens increased 37.0%, or \$29.2 million from FY 2020. Restricted net position of \$3.5 million is comprised primarily of \$0.1 million of grant funds restricted for transportation projects and \$3.4 million of grant funds restricted mainly for public safety.

The Schools' component unit total net position of (\$90.3) million increased 1.4%, or \$1.3 million from FY 2020. Unrestricted net position of (\$98.5) million increased 0.2%, or \$0.2 million from FY 2020.

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, 2021/2020 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2021	2020	2021	2020	2021	2020	2021-2020	2021	2020
Revenues:									
Program Revenues:									
Charges for services	\$ 14.4	\$ 14.1	\$ 45.7	\$ 44.6	\$ 60.1	\$ 58.7	2%	\$ 1.1	\$ 4.1
Operating grants/contributions	61.7	47.0	2.8	1.1	64.5	48.1	34%	73.1	68.4
Capital grants/contributions	4.2	4.2	5.8	12.9	10.0	17.1	-42%	-	-
General Revenues:									
Property taxes	87.1	85.5	-	-	87.1	85.5	2%	-	-
Other taxes	57.2	53.7	-	-	57.2	53.7	7%	-	-
Unrestricted intergovernmental	6.5	6.4	-	-	6.5	6.4	2%	-	-
Interest	0.1	1.4	0.2	0.9	0.3	2.3	-87%	-	-
IRS Subsidy Build America Bonds	-	0.1	-	0.1	-	0.2	-100%	-	-
Miscellaneous	0.9	1.0	0.2	0.5	1.1	1.5	-27%	0.4	1.6
Gain on sale of assets	0.5	0.2	-	0.1	0.5	0.3	67%	-	-
City appropriation	-	-	-	-	-	-	-	42.0	37.4
Total Revenues	232.6	213.6	54.7	60.2	287.3	273.8	5%	116.6	111.5
Expenses:									
General government	16.1	14.4	-	-	16.1	14.4	12%	-	-
Judicial	6.8	6.5	-	-	6.8	6.5	5%	-	-
Public safety	50.9	49.5	-	-	50.9	49.5	3%	-	-
Public works	27.4	29.0	-	-	27.4	29.0	-6%	-	-
Health and human services	31.5	30.8	-	-	31.5	30.8	2%	-	-
Cultural and recreational	11.3	10.4	-	-	11.3	10.4	9%	-	-
Community development	9.1	6.4	-	-	9.1	6.4	42%	-	-
Education	48.9	45.0	-	-	48.9	45.0	9%	115.3	111.4
Interest & other fiscal charges	5.2	6.2	-	-	5.2	6.2	-16%	-	-
Issuance costs	0.1	0.7	-	-	0.1	0.7	100%	-	-
Stormwater	-	-	3.3	3.4	3.3	3.4	-3%	-	-
Airport	-	-	5.3	5.1	5.3	5.1	4%	-	-
Water	-	-	14.1	15.0	14.1	15.0	-6%	-	-
Sewer	-	-	22.2	21.0	22.2	21.0	6%	-	-
Total Expenses	207.3	198.9	44.9	44.5	252.2	243.4	4%	115.3	111.4
Increase in net position	25.3	14.7	9.8	15.7	35.1	30.4	15%	1.3	0.1
Net position beginning -restated	147.8	133.1	263.3	247.6	411.1	380.7	8%	(91.6)	(91.7)
Net position ending	\$173.1	\$147.8	\$273.1	\$263.3	\$446.2	\$411.1	9%	\$(90.3)	\$(91.6)

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 \$173.1 million increased 17.1%, or \$25.3 million from FY 2020.

Revenue highlights:

Revenues from governmental activities of \$232.6 million increased 8.9%, or \$19.0 million from FY 2020.

Program revenues, specifically charges for services of \$14.4 million had an overall increase of \$0.3 million.

Operating grants and contributions increased \$14.7 million. The increase is primarily attributed to the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds.

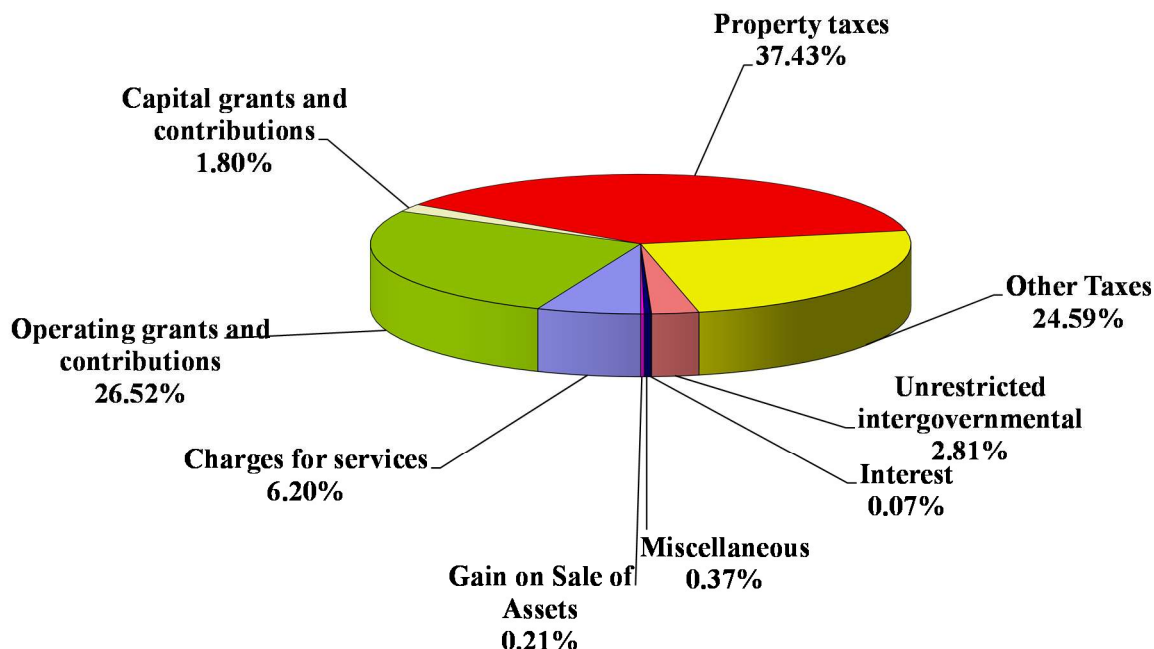
General revenues, specifically property taxes of \$87.1 million, increased \$1.6 million. Property taxes are comprised mainly of real property and personal property taxes. The City's general reassessment of real property occurs biennially and is effective on July 1 of the fiscal year. Real estate taxes increased \$1.4 million and personal property taxes increased \$0.2 million.

Other taxes revenue of \$57.2 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: \$2.1 million increase in local sales tax; \$1.6 million increase in meals tax; \$0.2 million decrease in business license tax; \$0.3 million increase in bank stock tax; and \$0.3 million decrease in amusement tax.

Interest revenue of \$0.1 million decreased \$1.3 million primarily due to lower interest rates during FY 2021.

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

Revenue by Source-Governmental Activities



Expense highlights:

Governmental activities expenses of \$207.3 million increased 4.2%, or \$8.4 million from FY 2020. The increase is primarily due to expenses incurred as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds.

Education expenses increased \$3.9 million due to an increase in the local contribution to the Schools and an increase in CARES funds provided to the Schools.

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 2021/2020
(in millions)***

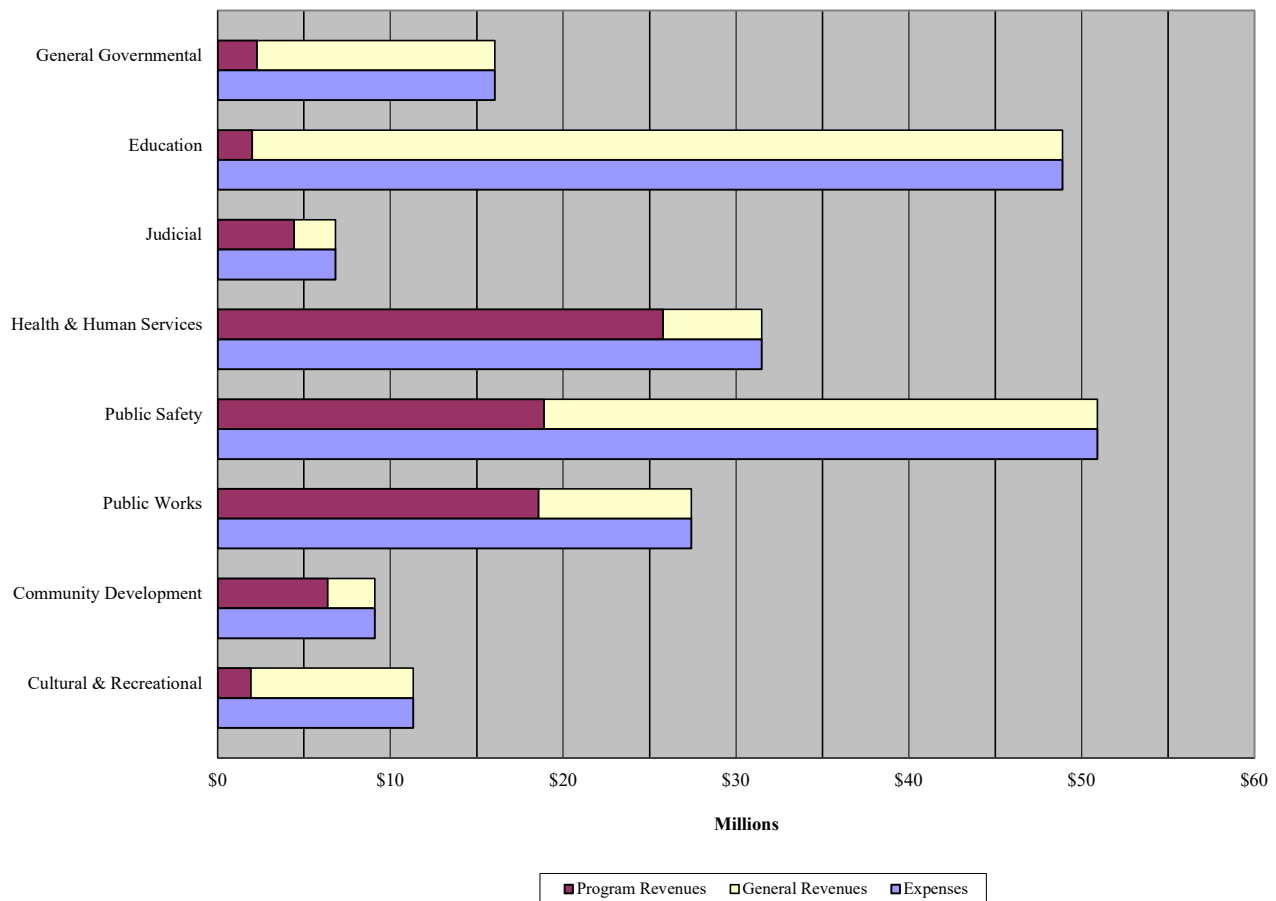
Governmental Activity	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2021	2020	2021-2020	2021	2020	2021-2020
General government	\$ 16.1	\$ 14.4	12%	\$ 13.8	\$ 13.4	3%
Judicial	6.8	6.5	5%	2.4	2.0	20%
Public safety	50.9	49.5	3%	32.1	36.2	-11%
Public works	27.4	29.0	-6%	8.8	11.6	-24%
Health and human services	31.5	30.8	2%	5.7	6.0	-5%
Cultural and recreational	11.3	10.4	9%	9.4	8.5	11%
Community development	9.1	6.4	42%	2.7	4.0	-33%
Education	48.9	45.0	9%	46.8	45.0	4%
Interest payments & other fiscal charges	5.2	6.2	-16%	5.2	6.2	-16%
Issuance Costs	0.1	0.7	100%	0.1	0.7	100%
Total Governmental Activities	\$ 207.3	\$ 198.9	4.2%	\$ 127.0	\$ 133.6	-5%

The four largest funded programs were public safety at 24.6%, or \$50.9 million; local support for education at 23.6%, or \$48.9 million; health and human services at 15.2%, or \$31.5 million; and public works at 13.2%, or \$27.4 million. Education and public safety continued to be high priorities for the City.

The governmental activities total cost of services increased 4.2% from the prior year with a 0.5% decrease in the net cost of services. The Statement of Net Position shows that the \$207.3 million in governmental activities program expenses were financed by \$14.4 million from those receiving services, \$61.7 million from operating grants and contributions, \$4.2 million from capital grants and contributions, and \$127.0 million from general revenues. Overall, general revenues of \$152.3 million were \$25.3 million more than the \$127.0 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

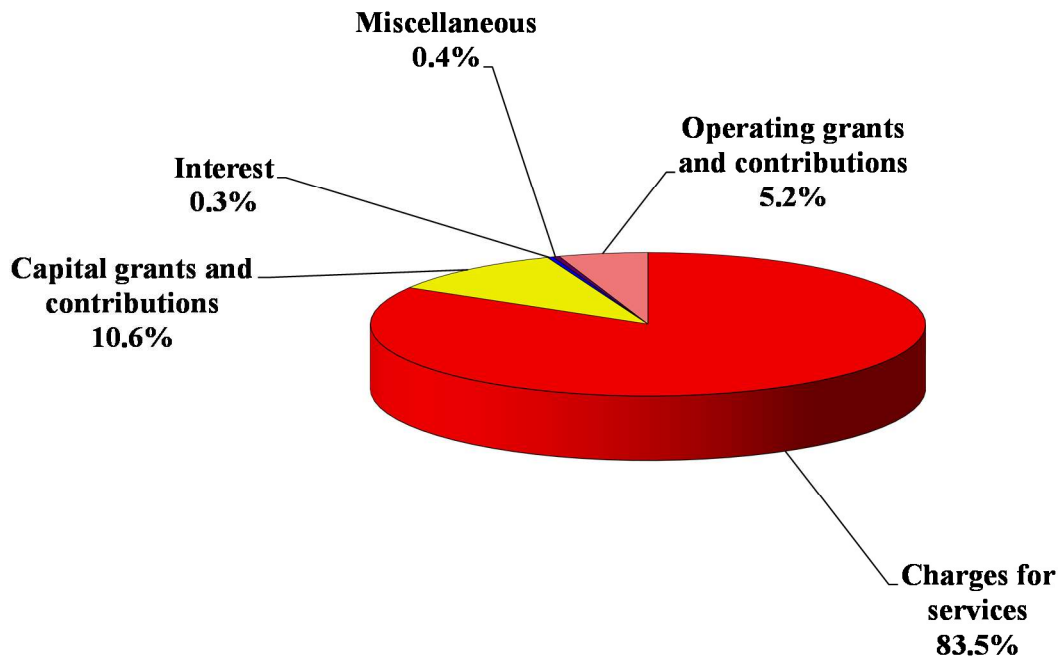
The business-type activities are comprised of enterprise funds for water, sewer, stormwater, and airport operations. Total net position of \$273.1 million increased 3.7%, or \$9.8 million from FY 2020.

Revenue highlights:

Business-type activities revenues of \$54.7 million decreased \$5.5 million from the prior year. This was primarily due to a combination of increases and decreases, including \$1.1 million increase in charges for services; \$1.7 million increase in operating grants; \$7.1 million decrease in capital grants; and \$0.7 million decrease in interest.

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

Revenues by Source - Business-type Activities



Expense highlights:

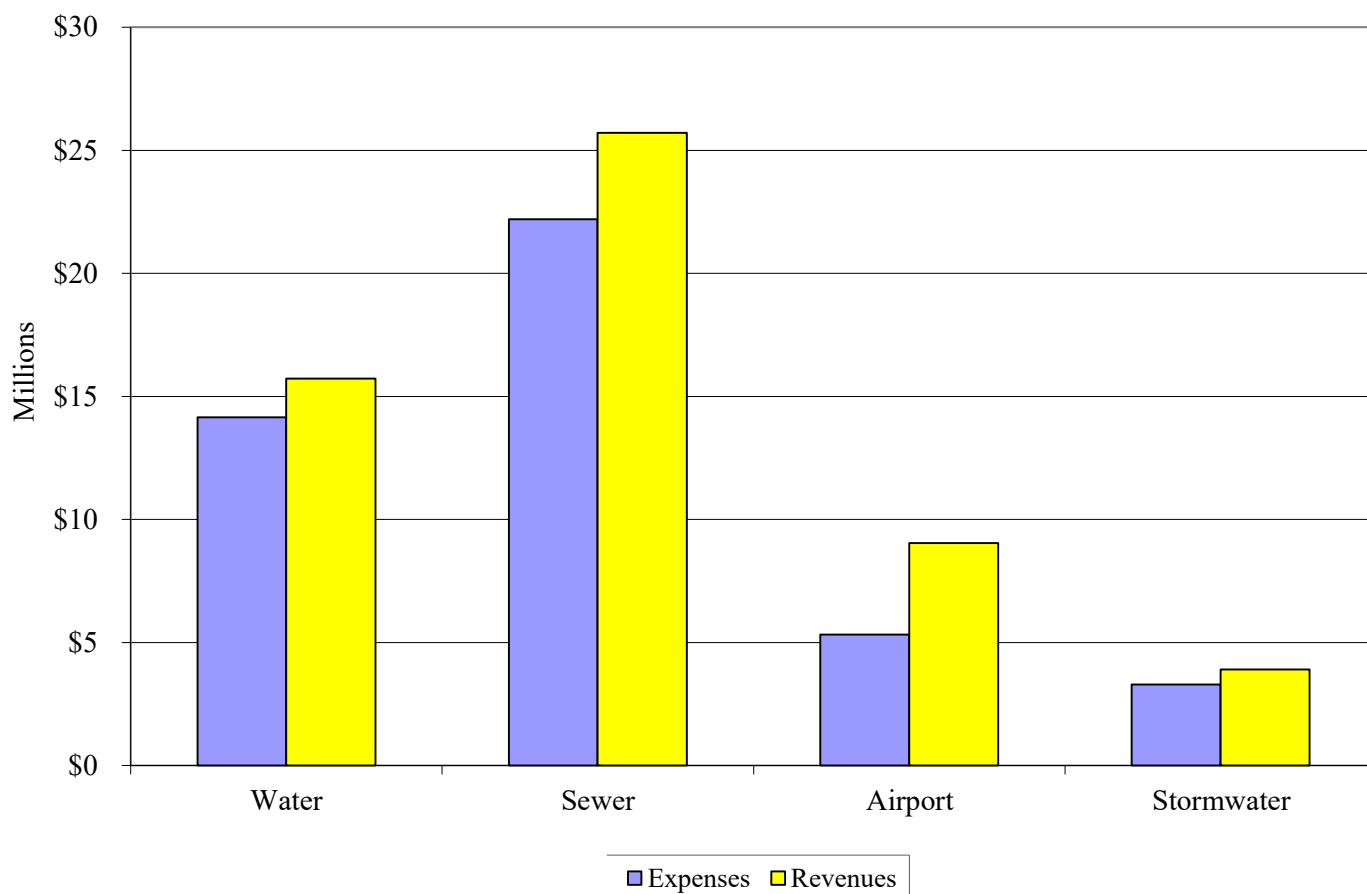
Business-type activities expenses of \$44.9 million increased \$0.4 million from the prior year.

Overall, business-type activities revenues of \$54.7 million were \$9.8 million more than expenses of \$44.9 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 (\$90.3) million increased 1.4% or \$1.3 million, from FY 2020 as restated. Unrestricted net position of (\$98.5) million increased 0.2% or \$0.2 million from FY 2020 as restated.

Revenue Highlights

Total revenues of \$116.2 million increased 5.0% or \$5.5 million in comparison with the prior year fund financial statements. For FY 2021, \$72.7 million or 62.6% of total revenues were received from the Commonwealth of Virginia and the Federal Government as compared to \$68.7 million received in FY 2020. State sales tax receipts were \$13.2 million for FY 2021. The City government contributed \$42.0 million or 36.1% to education, which includes \$2.0 million of Coronavirus Aid, Relief, and Economic Security (CARES) Act funds allocated to the school division. Federal revenues of \$13.5 million included the \$3.6 million from Title I funds to provide educational services to economically disadvantaged students. School Nutrition revenues of \$4.2 million included \$4.0 million from the Federal government for the operation of the breakfast and lunch programs. Other revenue sources of \$1.5 million or 1.3% of the total revenues included the following: school meals sales; facility and transportation rentals; and other miscellaneous sources.

Expenditure Highlights

Total expenditures of \$115.6 million increased by \$5.2 million from the prior year fund financial statements. For FY 2021, \$76.5 million or 66.2% of total expenditures related directly to providing instruction to an enrollment of 7,567 students and \$16.2 million or 14.0% supported maintenance and operations of school division facilities including the School Nutrition Program. Transportation costs for students were \$4.4 million or 3.8% of total expenditures while administration costs for the schools and attendance and health services for students were \$7.4 million or 6.4%. Technology costs were \$7.5 million or 6.5% of total expenditures. Capital outlay costs were \$3.6 million or 3.1% of total expenditures.

FUND FINANCIAL ANALYSIS

Governmental Funds

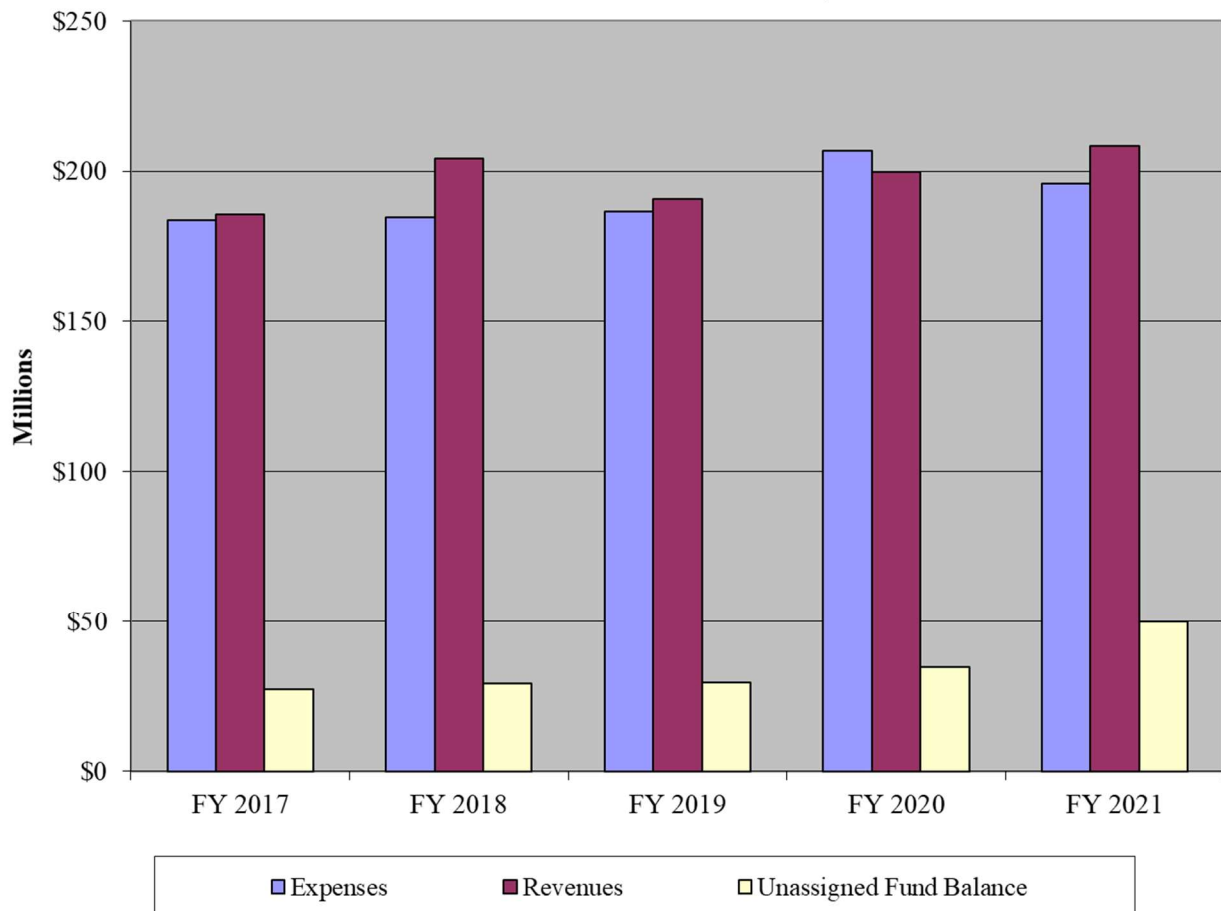
Governmental funds include the general fund, special revenue funds, and capital projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. 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 2021, the City's governmental funds reported combined fund balances of \$112.9 million, an increase of \$3.2 million from FY 2020. Of that amount, \$3.5 million was restricted; \$49.9 million was committed; \$9.7 million was assigned; and \$49.8 million was unassigned. The general fund's increase in fund balance was \$12.5 million. The City capital projects fund's decrease in fund balance was \$11.0 million. The decrease is attributed to an increase in expenditures for capital projects and a decrease in revenue due to the issuance of general obligation bonds in FY 2020. The school capital projects fund's increase in fund balance was \$0.9 million and was primarily due to decrease in project expenses of \$0.3 million and an increase in the transfer from the general fund of \$0.5 million. Special revenue funds increase in fund balance was \$0.8 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 28.1% of total general fund expenditures, while total fund balance represents 41.8% 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 2021 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	\$ 134.6	\$ 134.6	\$ 144.2	\$ 9.6
Intergovernmental	38.6	38.8	38.6	(0.2)
Other	<u>15.4</u>	<u>26.7</u>	<u>25.5</u>	<u>(1.2)</u>
Total	<u>188.6</u>	<u>200.1</u>	<u>208.3</u>	<u>8.2</u>
<u>Expenditures & Other Financing Uses</u>				
Expenditures	188.4	202.8	187.3	15.5
Transfers	<u>7.0</u>	<u>8.3</u>	<u>8.3</u>	<u>-</u>
Total	<u>195.4</u>	<u>211.1</u>	<u>195.6</u>	<u>15.5</u>
<u>Change in Fund Balance</u>	<u>\$ (6.8)</u>	<u>\$ (11.0)</u>	<u>\$ 12.7</u>	<u>\$ 23.7</u>

Actual expenditures and other financing uses of \$195.6 million was less than revenues and other financing sources of \$208.3 million by \$12.7 million, which resulted in a positive change in fund balance that was more than the amended budget projected decrease of \$11.0 million. The FY 2021 adopted budget included the use of \$6.8 million of the FY 2020 General Fund's unassigned fund balance primarily to resource a planned \$4.6 million transfer out for general government capital projects; \$1.3 million transfer out for School's capital projects; \$0.5 million transfer to the technology fund for equipment purchases; \$0.5 million transfer out to Fleet fund for debt service; and \$0.1 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 \$8.2 million and actual expenditures were below the amended budget by \$15.5 million, resulting in a \$12.7 million increase in fund balance for FY 2021.

Actual revenues were greater than estimated and within 4.1%, or \$8.2 million, of the amended budget. Personal property, real estate, public service corporations, sales and use, business license, and meals taxes were above the amended budget for FY 2021. Intergovernmental revenue was on pace with the amended budget.

Actual expenditures and transfers were \$15.5 million less than the FY 2021 amended budget and mostly attributable to the following unexpended appropriations:

- \$4.3 million for general government
- \$0.3 million for judicial
- \$2.6 million for public safety
- \$1.9 million for public works
- \$1.0 million for health and human services
- \$1.3 million for cultural and recreational
- \$0.9 million for community development
- \$2.3 million for education
- \$0.2 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 28.0%, or \$0.3 million in expenditures from this contingency. The remaining 72.0%, or \$0.9 million, reverted to unassigned fund balance.

From the original budget of \$195.4 million, City Council approved budget amendments to increase the budget 8.0%, or \$15.7 million, resulting in an amended budget of \$211.1 million. The budget amendments were primarily for the following purposes:

- \$11.1 million increase for the issuance of refunding bonds.
- \$0.4 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 2021 amendment was primarily for increased Children's Services Act (CSA) payments due to the increased number of foster children, as well as Registrar expenditures for the election.
- \$1.3 million increase in transfers to other funds.
- \$0.4 million increase to the budget for unexpended items requested to be re-appropriated in the current year to continue programs (first quarter carryforward).
- \$2.8 million increase to non-departmental spending, of which \$2.1 million was for projects related to the COVID-19 pandemic.

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 \$31.1 million decreased 26.0%, or \$11.1 million from FY 2020.

Revenues, issuance of bonds, and transfers of \$12.2 million decreased 74.2%, or \$35.0 million primarily due to the following:

- \$33.1 million decrease in bond proceeds
- \$1.6 million decrease in line of credit proceeds
- \$0.4 million decrease in transfers
- \$0.1 million increase in miscellaneous revenue sources

Expenditures, capital outlay, and transfers of \$23.3 million increased 11.5%, or \$2.4 million primarily due to the following:

- \$7.4 million increase in Lakeside Drive Bridge over Blackwater Creek
- \$1.4 million increase in Link Road Bridge
- \$0.6 million increase in Route 501/221 one-way pairs
- \$0.4 million increase in Human Services Building rooftop HVAC replacement
- \$1.9 million decrease in Indian Hill Road Bridge repair
- \$0.8 million decrease in Fort Avenue paving repair funded by Virginia Department of Transportation
- \$0.8 million decrease in the intersection of Timberlake Road at Logans Lane
- \$0.7 million decrease in Liberty University Intramural Field Road, Phase III
- \$0.7 million decrease in Midtown Parking Deck
- \$0.6 million decrease in Fifth Street Streetscape Improvements, Phase III
- \$0.6 million decrease in Riverside Park Overlook restoration
- \$0.5 million decrease in Bikeway Bridge to Linkhorne renovation
- \$0.5 million decrease in Academy of Fine Arts contribution
- \$0.4 million decrease in Monument Terrace Building exterior renovations
- \$0.1 million decrease in transfers

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 \$4.2 million increased 29.5%, or \$0.9 million, from FY 2020.

Revenues, issuance of bonds, and transfers of \$4.6 million decreased 6.1%, or \$0.3 million. The decrease is attributable to the following:

- \$0.5 million decrease in proceeds from line of credit for roof replacement projects at Paul Munro, Linkhorne, Dunbar and Sheffield Elementary Schools
- \$0.3 million decrease in proceeds from bond funding for Bedford Hills and Perrymont Elementary School gym additions; Bedford Hills Elementary and Dunbar Middle School chiller replacements
- \$0.5 million increase in transfers from the general fund

Expenditures and capital outlay of \$3.6 million decreased 7.7%, or \$0.3 million primarily due to the following:

- \$0.8 increase in Perrymont Elementary School gym addition
- \$0.5 increase in Bass Elementary School HVAC replacement
- \$0.3 increase in E.C. Glass practice field
- \$0.3 increase in Perrymont Elementary School chiller replacement
- \$0.3 increase in Bedford Hills Elementary School chiller replacement
- \$0.2 increase in elementary school gym additions
- \$0.2 increase in Paul Munro Elementary School roof replacement
- \$0.2 increase in Linkhorne Elementary School roof replacement
- \$0.1 increase in installation of new blinds in multiple schools
- \$0.1 increase in Perrymont Playground upgrades
- \$0.1 decrease in Linkhorne Middle School chiller rebuilds
- \$0.1 decrease in E.C. Glass roof replacement
- \$0.2 decrease in Dunbar Middle School HVAC replacement
- \$0.2 decrease in Heritage Elementary School paving project
- \$0.5 decrease in Heritage Elementary School roof replacement
- \$0.6 decrease in School Admin Building HVAC upgrade
- \$0.8 decrease in Sheffield Elementary School gym addition
- \$0.8 decrease in Bedford Hills Elementary School gym addition

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 \$35.6 million increased 5.0%, or \$1.7 million, from FY 2020. Net investment in capital assets of \$34.2 million increased 8.6%, or \$2.7 million, primarily due to completion of capital projects and increased activity of other projects that are on-going. Net investment in capital assets was 96.1% of total net position. Unrestricted net position available to fund future expenditures decreased by 41.7% or \$1.0 million. This decrease resulted from current year's combined operating and debt services expenditures exceeding current year revenues. Operating revenues totaled \$15.7 million, and increased 0.6%, or \$0.1 million. Operating expenses totaled \$13.1 million, and decreased 2.2% compared to FY 2020. Investment earnings decreased \$0.35 million. For FY 2021, the fund balance ratio was 51.0% as compared to City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.73 as compared to City Council's financial policy minimum target of 1.20.

Sewer Fund

The sewer fund's total net position of \$188.8 million increased 1.9%, or \$3.5 million, from FY 2020. Net investment in capital assets of \$174.7 million decreased 1.6%, or \$2.9 million, primarily due to decreased grant funding of capital projects. Net investment in capital assets was 92.5% of total net position. Unrestricted net position available to fund future expenditures increased by 83.1%, or \$6.4 million. This was primarily due to an increase of cash and cash equivalents used to fund future capital projects. Unrestricted net position was 7.5%, or \$14.1 million of total net position. Operating revenues totaled \$24.7 million and increased 6.5% or \$1.5 million from FY 2020. This was mostly attributable to increased septic hauler charges and 2.0% increase in sewer volume rate. Operating expenses totaled \$21.5 million and increased 8.6% or \$1.7 million. This was largely due to increased operating expenses at the Water Resources Recovery Facility. Investment earnings decreased \$0.27 million. For FY 2021, the fund balance ratio was 42.0% as compared to City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.47 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 \$8.2 million increased 6.5%, or \$0.5 million from FY 2020. Net investment in capital assets of \$6.7 million increased 3.1%, or \$0.2 million primarily due to completion of capital projects and increased activity of capital projects that are on-going. Net investment in capital assets was 81.7% of total net position. Unrestricted net position available to fund future expenditures increased by 25.0%, or \$0.3 million. This was primarily due to increase of cash and cash equivalents used to fund capital projects. Unrestricted net position was 18.3%, or \$1.5 million, of total net position. Operating revenues totaled \$3.5 million and were unchanged from the prior year. Operating expenses totaled \$3.3 million and decreased 2.9%, or \$0.1 million due to decreased personal services and benefits. Investment earnings decreased \$0.03 million. For FY 2021, the fund balance ratio was 40.0% as compared to City Council's financial policy target range of 15% to 20%. The debt coverage ratio was 4.55 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 \$44.0 million increased 9.4%, or \$3.8 million, from FY 2020. Net investment in capital assets, of \$35.3 million increased \$0.1 million, or 0.3% from the prior year. Net investment in capital assets was 80.3% of total net position. Net position, unrestricted, increased 72.0%, or \$3.6 million from FY 2020. Unrestricted net position was 19.6%, or \$8.6 million, of net position. Operating revenues were \$4.7 million, an increase of \$1.3 million or 38.3%. Operating expenses totaled \$5.3 million, an increase of 3.9% or \$0.2 million from FY 2020. Capital contributions totaled \$4.1 million, an increase of 36.7%, or \$1.1 million, and reflects an increase of 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 \$844.1 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 \$8.2 million in capital assets exclusive of buildings and facilities, which were capitalized as the City's assets.

Capital Assets
As of June 30, 2021/2020
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2021	2020	2021	2020	2021	2020	2021-2020	2021	2020
Capital assets, not being depreciated:									
Land	\$ 23.4	\$ 23.4	\$ 5.2	\$ 5.1	\$ 28.6	\$ 28.5	0%	\$ -	\$ -
Construction in progress	32.9	17.5	23.1	57.2	56.0	74.7	-25%	-	-
Capital assets, being depreciated:									
Land improvements	64.3	63.1	14.2	14.2	78.5	77.3	2%	-	-
Buildings and improvements	317.3	314.2	98.3	69.8	415.6	384.0	8%	-	-
Infrastructure	332.0	327.4	510.8	492.2	842.8	819.6	3%	-	-
Machinery and equipment	61.1	56.7	33.8	26.6	94.9	83.3	14%	21.6	18.9
Less: Accumulated depreciation	(417.7)	(396.5)	(254.6)	(245.0)	(672.3)	(641.5)	5%	(13.4)	(12.2)
Total Capital Assets	<u>\$ 413.3</u>	<u>\$ 405.8</u>	<u>\$ 430.8</u>	<u>\$ 420.1</u>	<u>\$ 844.1</u>	<u>\$ 825.9</u>	<u>2%</u>	<u>\$ 8.2</u>	<u>\$ 6.7</u>

During FY 2021 the City's net increase in capital assets was 2.2% or \$18.2 million. Major capital assets completed and placed in service included the following:

- Indian Hill Road Bridge Repair was completed with \$2.3 million of general obligation bonds.
- Airport Midfield Apron Rehabilitation was completed with \$2.1 million of Federal funds
- Wastewater Treatment Plant Combined Sewer Overflow (CSO) Upgrade was completed for a cumulative cost of \$50 million with a loan from the Virginia Resource Authority (VRA) and state grant from the Combined Sewer Overflow Matching Fund.
- 12th Street Water and Sewer Improvements were completed for \$1.7 million with general obligation bonds, line of credit proceeds and Stormwater enterprise fund revenue.

Construction-in-progress at the end of FY 2021 includes Lakeside Drive Bridge over Blackwater Creek; Bikeway Bridge to Linkhorne Renovation; Main Street Renewal; Link Road Bridge; College Lake Dam Removal; Route 501/221 One Way Pair; various other transportation and building projects; various sewer system evaluation and rehabilitation projects; various waterline distribution 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 \$358.3 million with \$181.8 million of business-type activities debt supported by the individual funds, resulting in net bonded debt for governmental activities of \$176.5 million. Liabilities of \$8.1 million for compensated absences and workers compensation were excluded.

Long-term Debt Obligations As of June 30, 2021/2020 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change
	2021	2020	2021	2020	2021	2020	2021-2020
General obligation bonds	\$ 163.2	\$ 173.5	\$ 69.3	\$ 73.0	\$ 232.5	\$ 246.5	-6%
General obligation-Direct borrowing	6.2	9.2	-	0.9	6.2	10.1	-39%
Revenue bonds	-	-	109.3	113.9	109.3	113.9	-4%
Bond anticipation notes	4.5	0.5	3.2	0.1	7.7	0.6	1183%
Other long-term payables	2.6	3.1	-	-	2.6	3.1	-16%
Total	<u>\$ 176.5</u>	<u>\$ 186.3</u>	<u>\$ 181.8</u>	<u>\$ 187.9</u>	<u>\$ 358.3</u>	<u>\$ 374.2</u>	<u>-4%</u>

Total new debt of \$23.9 million was issued, of which \$13.4 million was for governmental activities, and \$10.5 million was for business-type activities and includes:

- \$15.3 million of general obligation public improvement current refunding bonds, of which \$9.4 million was for governmental activities and \$5.9 million was for business-type activities.
- \$7.1 million of bond anticipation notes, of which \$4.0 million was for governmental activities and \$3.1 million was for business-type activities.
- \$1.5 million of revenue bonds issued from the Virginia Revolving Loan Program for sewer capital projects, all of which was for business-type activities.

The City retired \$39.8 million of outstanding principal. The governmental activities principal retirements were \$23.2 million and the business-type activities principal retirements were \$16.6 million and include:

- \$21.3 million in planned principal retirements, of which \$11.9 million was for governmental activities and \$9.4 million was for business-type activities.
- \$18.5 million of refunded principal payments, of which \$11.3 million was for governmental activities and \$7.2 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. These credit ratings were reaffirmed in October 2020 for the City's issuance of \$15.3 million General Obligation Public Improvement Refunding Bonds, Series 2020B on October 29, 2020. All three agencies noted the City's strong management and financial policies and practices 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. Final maturity of the Note is June 15, 2023. Outstanding principal as of June 30 is \$7.7 million. The unused line of credit is \$34.3 million.

On October 15, 2020, the City had a successful general obligation refunding bond sale. The City received four electronic bids and awarded the \$15.3 million General Obligation Public Improvement Refunding Bonds, Series 2020B to Jefferies LLC., at a final All-In-True Interest Cost of 0.98%. The refunding achieved aggregate debt service savings of \$2.79 million or 14.4% of the total refunded par amount on the Net Present Value basis. The bonds closed on October 29, 2020. The Series 2015 direct bank loan was prepaid in full on October 29, 2020 with proceeds from this issue. The Series 2010 bonds were also refunded as a part of this issue and were called on December 1, 2020.

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, 2021, the City's assessed value of real property was \$5.9 billion. The City's debt is less than the current debt limitation of \$591.1 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, 2021, debt to assessed value was 2.79%. 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, 2021, the 10-year principal payout ratio was 63.8%.

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 from 8.1% in June 2020 to 4.8% in June 2021 reflecting significant recovery from the economic impact of COVID-19. The City's unemployment rate typically trends above the State rate, which was 4.5% in June 2021. For the current and previous three years, the City's unemployment rate has trended below the National rate, which was 6.1% 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 8.0% increase in taxable assessed value over FY 2020. The principal property taxpayers, as a whole, realized an increase of 6.0% in taxable assessed value when compared to FY 2020 which was lower due to the economic impact of COVID-19. 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 2021 Operating and Capital Budgets, and FY 2021-2025 Capital Improvement Program are on the City's web site at www.lyncburgva.gov.

BASIC FINANCIAL STATEMENTS

CITY OF LYNCHBURG, VIRGINIA

EXHIBIT 1

Statement of Net Position
June 30, 2021

	Governmental Activities	Business- Type Activities	Total Primary Government	Component Units		Total Reporting Unit
				Lynchburg City Schools	Other	
Assets						
Cash and cash equivalents	\$ 80,167,545	\$ 43,886,686	\$ 124,054,231	\$ 4,815,477	\$ 1,731,345	\$ 130,601,053
Investments	44,956,383	3,259,152	48,215,535	-	-	48,215,535
Receivables, net of allowance	20,897,191	6,309,341	27,206,532	811,998	963,536	28,982,066
Internal balances	3,339,189	(3,339,189)	-	-	-	-
Due from other governments	6,654,441	4,091,434	10,745,875	4,574,682	402,515	15,723,072
Due from primary government	-	-	-	5,721,379	-	5,721,379
Due from component units	3,173,788	-	3,173,788	-	-	3,173,788
Inventory	52,637	545,167	597,804	137,876	308,182	1,043,862
Prepays and other assets	1,312,321	-	1,312,321	601,368	302,823	2,216,512
Restricted assets:						
Cash and cash equivalents	17,441,449	1,243,602	18,685,051	-	-	18,685,051
Due from other governments	-	2,943,376	2,943,376	-	-	2,943,376
Capital assets:						
Nondepreciable	56,346,166	20,939,715	77,285,881	-	1,669,530	78,955,411
Depreciable, net	356,976,407	409,814,929	766,791,336	8,189,774	33,884,897	808,866,007
Total assets	591,317,517	489,694,213	1,081,011,730	24,852,554	39,262,828	1,145,127,112
Deferred Outflows of Resources						
Deferred charge on refunding	2,523,411	1,426,778	3,950,189	-	-	3,950,189
Deferred outflows related to pensions	21,230,765	3,013,570	24,244,335	22,502,446	-	46,746,781
Deferred outflows related to other postemployment benefits	9,240,899	1,054,103	10,295,002	4,392,993	15,680	14,703,675
Total deferred outflows of resources	32,995,075	5,494,451	38,489,526	26,895,439	15,680	65,400,645
Liabilities						
Accounts payable and other liabilities	8,781,685	3,829,012	12,610,697	1,226,332	465,954	14,302,983
Accrued payroll and related liabilities	6,703,790	501,668	7,205,458	6,798,846	-	14,004,304
Accrued interest payable	1,386,504	773,628	2,160,132	-	-	2,160,132
Due to other governments	1,321,018	952	1,321,970	-	1,271,060	2,593,030
Due to primary government	-	-	-	2,423,469	750,319	3,173,788
Due to component units	5,721,379	-	5,721,379	-	-	5,721,379
Unearned revenue/prepaid rent	1,825,035	-	1,825,035	337,481	-	2,162,516
Deposits payable from restricted assets	261,541	1,190,063	1,451,604	-	-	1,451,604
Long-term liabilities:						
Due within one year	12,773,149	9,980,773	22,753,922	657,548	-	23,411,470
Due in more than one year:						
Net pension liability	103,773,971	14,730,051	118,504,022	90,852,949	-	209,356,971
Net other postemployment benefit liabilities	55,223,434	6,717,657	61,941,091	21,728,804	201,653	83,871,548
Other long-term liabilities	185,641,291	179,124,711	364,766,002	453,042	109,094	365,328,138
Total liabilities	383,412,797	216,848,515	600,261,312	124,478,471	2,798,080	727,537,863
Deferred Inflows of Resources						
Property taxes	11,183,562	-	11,183,562	-	-	11,183,562
Grants	16,969,891	-	16,969,891	-	-	16,969,891
Deferred inflows related to pension	2,226,626	316,056	2,542,682	11,411,608	-	13,954,290
Deferred inflows related to other postemployment benefits	37,392,041	4,929,135	42,321,176	6,192,067	149,376	48,662,619
Total deferred inflows of resources	67,772,120	5,245,191	73,017,311	17,603,675	149,376	90,770,362
Net Position						
Net investment in capital assets	241,380,873	250,988,554	492,369,427	8,189,774	35,554,427	536,113,628
Restricted for:						
Capital projects	133,270	-	133,270	-	-	133,270
Grants	3,364,566	-	3,364,566	-	-	3,364,566
Passenger facility charges	-	53,539	53,539	-	-	53,539
Unrestricted	(71,751,034)	22,052,865	(49,698,169)	(98,523,927)	776,625	(147,445,471)
Total net position	\$ 173,127,675	\$ 273,094,958	\$ 446,222,633	\$ (90,334,153)	\$ 36,331,052	\$ 392,219,532

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

Statement of Activities
For the Year Ended June 30, 2021

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	\$ 16,049,250	\$ 582,252	\$ 1,684,659	\$ 15,000	\$ (13,767,339)	\$ -	\$ (13,767,339)	\$ -	\$ -	\$ (13,767,339)
Judicial	6,815,593	448,904	3,993,493	-	(2,373,196)	-	(2,373,196)	-	-	(2,373,196)
Public safety	50,913,682	6,597,181	12,298,664	-	(32,017,837)	-	(32,017,837)	-	-	(32,017,837)
Public works	27,411,647	2,048,826	12,951,035	3,587,032	(8,824,754)	-	(8,824,754)	-	-	(8,824,754)
Health and human services	31,485,493	2,853,616	22,934,472	-	(5,697,405)	-	(5,697,405)	-	-	(5,697,405)
Cultural and recreational	11,327,151	647,351	677,813	616,139	(9,385,848)	-	(9,385,848)	-	-	(9,385,848)
Community development	9,107,983	1,238,625	5,143,102	-	(2,726,256)	-	(2,726,256)	-	-	(2,726,256)
Education	48,894,927	-	2,007,444	-	(46,887,483)	-	(46,887,483)	-	-	(46,887,483)
Interest payments and other fiscal charges	5,343,903	-	-	-	(5,343,903)	-	(5,343,903)	-	-	(5,343,903)
Total governmental activities	207,349,629	14,416,755	61,690,682	4,218,171	(127,024,021)	-	(127,024,021)	-	-	(127,024,021)
Business-type activities:										
Stormwater	3,287,239	3,197,089	284,822	421,817	-	616,489	616,489	-	-	616,489
Airport	5,322,098	2,114,485	2,558,317	4,372,685	-	3,723,389	3,723,389	-	-	3,723,389
Water	14,158,717	15,725,568	-	-	-	1,566,851	1,566,851	-	-	1,566,851
Sewer	22,199,335	24,695,077	-	1,003,352	-	3,499,094	3,499,094	-	-	3,499,094
Total business-type activities	44,967,389	45,732,219	2,843,139	5,797,854	-	9,405,823	9,405,823	-	-	9,405,823
Total primary government	\$ 252,317,018	\$ 60,148,974	\$ 64,533,821	\$ 10,016,025	(127,024,021)	9,405,823	(117,618,198)	-	-	(117,618,198)
Component units:										
Lynchburg City Schools	\$ 115,293,810	\$ 1,039,315	\$ 73,098,438	\$ -	-	-	-	(41,156,057)	-	(41,156,057)
Greater Lynchburg Transit Company	9,394,000	487,968	6,121,829	4,072,392	-	-	-	-	1,288,189	1,288,189
Business Development Centre	259,602	310,257	-	-	-	-	-	-	50,655	50,655
Total component units	\$ 124,947,412	\$ 1,837,540	\$ 79,220,267	\$ 4,072,392	-	-	-	(41,156,057)	1,338,844	(39,817,213)
General revenues:										
Property taxes					87,068,948	-	87,068,948	-	-	87,068,948
Local sales and use taxes					18,586,355	-	18,586,355	-	-	18,586,355
Meals taxes					15,114,569	-	15,114,569	-	-	15,114,569
Consumer utility taxes					4,581,154	-	4,581,154	-	-	4,581,154
Business license taxes					9,522,473	-	9,522,473	-	-	9,522,473
Communications sales and use taxes					2,497,779	-	2,497,779	-	-	2,497,779
Other taxes					6,897,558	-	6,897,558	-	-	6,897,558
Unrestricted intergovernmental					6,535,819	-	6,535,819	-	-	6,535,819
Interest					155,574	179,790	335,364	-	-	335,364
Miscellaneous					859,247	210,838	1,070,085	419,564	75,434	1,565,083
Gain on sale of assets					491,312	13,972	505,284	-	34,012	539,296
City appropriation					-	-	-	42,010,103	-	42,010,103
Total general revenues					152,310,788	404,600	152,715,388	42,429,667	109,446	195,254,501
Changes in net position					25,286,767	9,810,423	35,097,190	1,273,610	1,448,290	37,819,090
Net position - beginning, as restated					147,840,908	263,284,535	411,125,443	(91,607,763)	34,882,762	354,400,442
Net position - ending					\$ 173,127,675	\$ 273,094,958	\$ 446,222,633	\$ (90,334,153)	\$ 36,331,052	\$ 392,219,532

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

Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	City Capital Projects	School Capital Projects	Other Governmental	Total Governmental
Assets					
Cash and cash equivalents	\$ 48,320,855	\$ 22,738,874	\$ 3,381,244	\$ 2,660,052	\$ 77,101,025
Investments	31,020,850	12,390,000	1,545,533	-	44,956,383
Receivables, net of allowance:					
Taxes excluding penalties	13,683,404	-	-	-	13,683,404
Accounts	5,678,235	-	-	-	5,678,235
Other	1,329,772	90,054	-	93,769	1,513,595
Due from other funds	1,122,665	-	-	346,750	1,469,415
Due from other governments	3,235,795	1,441,180	-	1,977,466	6,654,441
Due from component units	3,048,788	-	-	125,000	3,173,788
Other assets	-	-	-	213	213
Restricted assets:					
Cash and cash equivalents	449,006	15,428,477	-	1,563,966	17,441,449
Total assets	<u>\$ 107,889,370</u>	<u>\$ 52,088,585</u>	<u>\$ 4,926,777</u>	<u>\$ 6,767,216</u>	<u>\$ 171,671,948</u>
Liabilities					
Accounts payable and other liabilities	\$ 2,637,739	\$ 4,182,081	\$ 680,464	\$ 1,047,359	\$ 8,547,643
Accrued payroll and related liabilities	6,731,309	2,847	-	209,796	6,943,952
Due to other funds	656,830	175,639	-	805,302	1,637,771
Due to other governments	1,281,914	-	-	39,104	1,321,018
Due to component units	5,721,379	-	-	-	5,721,379
Unearned revenue/prepaid rent	1,007,435	-	-	817,600	1,825,035
Deposits payable from restricted assets	261,541	-	-	-	261,541
Total liabilities	<u>18,298,147</u>	<u>4,360,567</u>	<u>680,464</u>	<u>2,919,161</u>	<u>26,258,339</u>
Deferred Inflows of Resources					
Unavailable revenue	15,520,441	16,664,265	-	358,105	32,542,811
Total deferred inflows of resources	<u>15,520,441</u>	<u>16,664,265</u>	<u>-</u>	<u>358,105</u>	<u>32,542,811</u>
Fund Balances					
Restricted	-	133,270	-	3,364,566	3,497,836
Committed	14,606,255	30,930,483	4,246,313	125,384	49,908,435
Assigned	9,693,184	-	-	-	9,693,184
Unassigned	49,771,343	-	-	-	49,771,343
Total fund balances	<u>74,070,782</u>	<u>31,063,753</u>	<u>4,246,313</u>	<u>3,489,950</u>	<u>112,870,798</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 107,889,370</u>	<u>\$ 52,088,585</u>	<u>\$ 4,926,777</u>	<u>\$ 6,767,216</u>	<u>\$ 171,671,948</u>

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021**

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

Ending fund balance - governmental funds		\$ 112,870,798
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		397,666,659
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		4,389,358
Deferred outflow of resources used to reflect deferred losses on debt refunding bonds are not reported in the governmental funds.		2,416,293
Internal service fund activity that has been allocated to the user departments.		3,496,352
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 Assets.		13,720,067
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to:		
Pensions	21,000,444	
Other postemployment benefits	9,171,447	
Deferred inflows related to:		
Pensions	(2,202,471)	
Other postemployment benefits	(37,073,609)	
Net pension liability	(102,648,183)	
Net other postemployment liability	(54,783,131)	
		(166,535,503)
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	(184,191,251)	
Accrued interest payable	(1,366,703)	
Other long-term payable	(2,625,332)	
Compensated absences	(4,694,345)	
Workers' compensation	(2,018,718)	
		(194,896,349)
Net position of governmental activities		\$ 173,127,675

The Notes to the 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, 2021

	General	City Capital Projects	School Capital Projects	Other Governmental	Total Governmental
Revenues					
Taxes	\$ 144,180,960	\$ -	\$ -	\$ -	\$ 144,180,960
Regulatory licenses, permits and privilege fees	980,572	-	-	-	980,572
Intergovernmental	38,592,078	7,392,895	-	25,929,634	71,914,607
Fines and forfeitures	319,307	-	-	-	319,307
Revenue from use of money and property	753,752	15,111	30,725	38,870	838,458
Charges for services	11,334,318	-	-	4,167,029	15,501,347
Miscellaneous	821,512	150,591	10,559	340,506	1,323,168
Total revenues	196,982,499	7,558,597	41,284	30,476,039	235,058,419
Expenditures					
Current operating expenditures:					
General government	17,925,675	-	-	1,261,054	19,186,729
Judicial	5,255,436	-	-	1,235,764	6,491,200
Public safety	42,690,099	-	-	9,971,050	52,661,149
Public works	17,156,557	3,467,230	-	709,126	21,332,913
Health and human services	22,746,911	-	-	9,122,947	31,869,858
Cultural and recreational	8,926,841	523,509	-	395,015	9,845,365
Community development	3,462,940	173,348	-	5,427,197	9,063,485
Education	40,002,658	-	142,969	2,007,444	42,153,071
Capital outlay:					
Capital general government	810,907	18,917,401	3,443,692	-	23,172,000
Debt service:					
Principal retirements	11,250,149	-	-	7,875	11,258,024
Interest payments and other fiscal charges	6,658,383	-	-	2,138	6,660,521
Issuance costs	118,505	-	-	163	118,668
Total expenditures	177,005,061	23,081,488	3,586,661	30,139,773	233,812,983
Excess (deficiency) of revenues over expenditures	19,977,438	(15,522,891)	(3,545,377)	336,266	1,245,436
Other financing sources (uses)					
Issuance of bonds	-	-	2,330,131	-	2,330,131
Issuance of refunding bonds	9,124,115	-	-	72,625	9,196,740
Premium on refunding debt issuance	2,002,105	-	-	15,965	2,018,070
Payments to escrow agent	(9,358,669)	-	-	-	(9,358,669)
Refunded bond principal payments	(1,644,732)	-	-	(88,426)	(1,733,158)
Transfers in	175,000	4,634,302	2,183,167	473,216	7,465,685
Transfers out	(7,783,426)	(175,000)	-	-	(7,958,426)
Total other financing sources (uses)	(7,485,607)	4,459,302	4,513,298	473,380	1,960,373
Net changes in fund balances	12,491,831	(11,063,589)	967,921	809,646	3,205,809
Fund balances - beginning	61,578,951	42,127,342	3,278,392	2,680,304	109,664,989
Fund balances - ending	\$ 74,070,782	\$ 31,063,753	\$ 4,246,313	\$ 3,489,950	\$ 112,870,798

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2021**

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

Net change in fund balances - total governmental funds		\$	3,205,809
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			26,541,658
Depreciation expense			(20,705,513)
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.			14,700
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			206,318
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	9,604,735		
Pension expenses	(12,819,520)		
			(3,214,785)
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	262,672		
Other postemployment benefit expense	6,816,684		
			7,079,356
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.			10,231,657
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.			884,418
To eliminate transfers to the internal service fund			492,741
The net loss of certain activities of the internal service fund is reported with governmental activities.			550,408
Change in net position of governmental activities.		\$	25,286,767

The Notes to the 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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 134,629,134	\$ 134,629,134	\$ 144,180,960	\$ 9,551,826
Regulatory licenses, permits and privilege fees	1,093,950	1,093,950	980,572	(113,378)
Intergovernmental	38,639,283	38,842,254	38,592,078	(250,176)
Fines and forfeitures	280,000	280,000	319,307	39,307
Revenue from use of money and property	1,235,969	1,235,969	750,386	(485,583)
Charges for services	12,197,947	12,197,947	11,334,318	(863,629)
Miscellaneous	600,147	600,147	798,552	198,405
Total revenues	188,676,430	188,879,401	196,956,173	8,076,772
Expenditures				
Current operating expenditures:				
General government	22,795,178	21,431,635	17,122,729	4,308,906
Judicial	5,365,328	5,547,084	5,255,436	291,648
Public safety	48,231,257	45,309,684	42,690,099	2,619,585
Public works	16,873,351	19,120,848	17,156,557	1,964,291
Health and human services	23,093,736	23,764,033	22,746,911	1,017,122
Cultural and recreational	9,952,203	10,196,183	8,926,841	1,269,342
Community development	4,186,468	4,335,292	3,462,940	872,352
Education	39,828,498	42,350,062	40,002,658	2,347,404
Capital outlay:				
Capital general government	-	1,483,155	810,907	672,248
Debt service:				
Principal retirements	11,210,430	11,263,170	11,250,149	13,021
Interest payments and other fiscal charges	6,872,547	6,819,807	6,658,383	161,424
Issuance costs	-	143,046	118,505	24,541
Total expenditures	188,408,996	191,763,999	176,202,115	15,561,884
Excess (deficiency) of revenues over expenditures	267,434	(2,884,598)	20,754,058	23,638,656
Other financing sources (uses)				
Issuance of refunding bonds	-	9,124,115	9,124,115	-
Premium on refunding debt issuance	-	2,002,105	2,002,105	-
Payments to escrow agent	-	(9,358,669)	(9,358,669)	-
Refunded bond principal payments	-	(1,644,732)	(1,644,732)	-
Transfers in	-	175,000	175,000	-
Transfers out	(7,037,910)	(8,345,890)	(8,306,800)	39,090
Total other financing sources (uses)	(7,037,910)	(8,048,071)	(8,008,981)	39,090
Net changes in fund balances	(6,770,476)	(10,932,669)	12,745,077	23,677,746
Fund balances - beginning	59,586,577	59,586,577	59,586,577	-
Fund balances - ending	\$ 52,816,101	\$ 48,653,908	\$ 72,331,654	\$ 23,677,746

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

Statement of Net Position
Proprietary Funds
June 30, 2021

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Assets						
Current assets:						
Cash and cash equivalents	\$ 11,248,201	\$ 19,537,990	\$ 2,515,067	\$ 10,585,428	\$ 43,886,686	\$ 3,066,520
Investments	1,968,169	1,290,983	-	-	3,259,152	-
Receivables, net of allowance:	1,999,487	3,646,372	491,605	171,877	6,309,341	21,957
Due from other funds	145,285	140,617	16,736	28,750	331,388	20,535
Due from other governments	-	-	-	192,274	192,274	-
Inventory	527,461	-	-	17,706	545,167	52,637
Prepays and other assets	-	-	-	-	-	1,312,108
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	236,726	-	-	236,726	-
Total current assets	<u>15,888,603</u>	<u>24,852,688</u>	<u>3,023,408</u>	<u>10,996,035</u>	<u>54,760,734</u>	<u>4,473,757</u>
Noncurrent assets:						
Due from other governments	-	3,728,880	170,280	-	3,899,160	-
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	2,706,650	-	-	2,706,650	-
Cash and cash equivalents	1,181,633	-	-	61,969	1,243,602	-
Capital assets:						
Nondepreciable	7,635,870	8,366,125	1,401,066	3,536,654	20,939,715	-
Depreciable, net	71,818,932	297,380,489	7,891,967	32,723,541	409,814,929	15,655,914
Total noncurrent assets	<u>80,636,435</u>	<u>312,182,144</u>	<u>9,463,313</u>	<u>36,322,164</u>	<u>438,604,056</u>	<u>15,655,914</u>
Total assets	<u>96,525,038</u>	<u>337,034,832</u>	<u>12,486,721</u>	<u>47,318,199</u>	<u>493,364,790</u>	<u>20,129,671</u>
Deferred Outflows of Resources						
Deferred charge on refunding	585,827	821,647	-	19,304	1,426,778	107,118
Deferred outflows related to pensions	1,651,039	933,407	160,012	269,112	3,013,570	230,321
Deferred outflows related to other postemployment benefits	532,858	368,566	59,098	93,581	1,054,103	69,452
Total deferred outflows of resources	<u>2,769,724</u>	<u>2,123,620</u>	<u>219,110</u>	<u>381,997</u>	<u>5,494,451</u>	<u>406,891</u>
Liabilities						
Current liabilities:						
Accounts payable and other liabilities	1,066,876	2,372,585	163,063	226,488	3,829,012	234,042
Accrued payroll and related liabilities	344,531	192,572	32,219	60,755	630,077	39,069
Accrued interest payable	458,399	295,535	9,143	10,551	773,628	19,801
Due to other funds	70,598	40,962	49,850	12,815	174,225	9,342
Due to other governments	-	-	952	-	952	-
Current portion of general obligation bonds	1,829,008	1,395,513	15,000	69,871	3,309,392	221,695
Current portion of direct borrowings	-	-	-	-	-	133,400
Current portion of public utility revenue bonds	-	6,449,022	93,950	-	6,542,972	-
Total current liabilities	<u>3,769,412</u>	<u>10,746,189</u>	<u>364,177</u>	<u>380,480</u>	<u>15,260,258</u>	<u>657,349</u>
Noncurrent liabilities:						
Deposits payable from restricted assets	1,181,633	-	-	8,430	1,190,063	-
Self insurance claims	330,828	4,048	236	5	335,117	-
Compensated absences	351,138	188,210	21,132	46,072	606,552	28,984
Pension plan obligation	8,070,124	4,562,405	782,127	1,315,395	14,730,051	1,125,788
Other postemployment benefits obligations	3,386,580	2,357,536	377,278	596,263	6,717,657	440,303
Notes payable	1,463,714	1,303,585	401,367	-	3,168,666	1,648,344
General obligation bonds	42,543,543	28,114,126	732,312	883,220	72,273,201	1,640,340
Direct borrowings	-	-	-	-	-	932,800
Public utility revenue bonds	-	101,237,970	1,503,205	-	102,741,175	-
Total noncurrent liabilities	<u>57,327,560</u>	<u>137,767,880</u>	<u>3,817,657</u>	<u>2,849,385</u>	<u>201,762,482</u>	<u>5,816,559</u>
Total liabilities	<u>61,096,972</u>	<u>148,514,069</u>	<u>4,181,834</u>	<u>3,229,865</u>	<u>217,022,740</u>	<u>6,473,908</u>
Deferred Inflows of Resources						
Deferred inflows related to pensions	173,157	97,893	16,782	28,224	316,056	24,155
Deferred inflows related to other postemployment benefits	2,466,267	1,747,446	278,139	437,283	4,929,135	318,432
Total deferred inflows of resources	<u>2,639,424</u>	<u>1,845,339</u>	<u>294,921</u>	<u>465,507</u>	<u>5,245,191</u>	<u>342,587</u>
Net Position						
Net investment in capital assets	34,204,364	174,740,303	6,717,478	35,326,409	250,988,554	12,498,561
Restricted for:						
Passenger facility charges	-	-	-	53,539	53,539	-
Unrestricted	1,354,002	14,058,741	1,511,598	8,624,876	25,549,217	1,221,506
Total net position	<u>\$ 35,558,366</u>	<u>\$ 188,799,044</u>	<u>\$ 8,229,076</u>	<u>\$ 44,004,824</u>	<u>276,591,310</u>	<u>\$ 13,720,067</u>
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					(3,496,352)	
Total net position of business-type activities					<u>\$ 273,094,958</u>	

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

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds					
	Water	Sewer	Stormwater	Airport	Total	Internal Service
Operating revenues						
Charges for services and other operating revenues	\$ 15,725,568	\$ 24,695,077	\$ 3,197,089	\$ 2,114,485	\$ 45,732,219	\$ 5,806,375
Intergovernmental	-	-	275,000	2,558,317	2,833,317	-
Total operating revenues	<u>15,725,568</u>	<u>24,695,077</u>	<u>3,472,089</u>	<u>4,672,802</u>	<u>48,565,536</u>	<u>5,806,375</u>
Operating expenses						
Personal services and benefits	5,896,481	3,633,749	554,455	980,321	11,065,006	785,382
Operation and maintenance	1,272,141	4,062,291	369,085	1,658,459	7,361,976	1,662,964
Supplies and materials	973,583	2,098,779	152,042	183,642	3,408,046	22,426
Administration	1,576,052	3,191,245	1,805,945	260,306	6,833,548	1,821
Other charges	87,911	111,934	21,071	28,242	249,158	6,464
Depreciation	3,278,090	8,434,452	419,151	2,179,385	14,311,078	3,016,689
Total operating expenses	<u>13,084,258</u>	<u>21,532,450</u>	<u>3,321,749</u>	<u>5,290,355</u>	<u>43,228,812</u>	<u>5,495,746</u>
Operating income (loss)	<u>2,641,310</u>	<u>3,162,627</u>	<u>150,340</u>	<u>(617,553)</u>	<u>5,336,724</u>	<u>310,629</u>
Nonoperating revenues (expenses)						
Interest income	82,440	79,817	5,873	11,660	179,790	2,705
Governmental grants	-	-	9,822	-	9,822	-
Miscellaneous	154,952	53,235	(19,583)	22,234	210,838	96,409
Gain (loss) on disposition of assets	7,877	(213,716)	-	-	(205,839)	477,578
Interest on long-term debt	(1,138,518)	(585,733)	(20,751)	(30,048)	(1,775,050)	(80,629)
Total nonoperating revenues (expenses)	<u>(893,249)</u>	<u>(666,397)</u>	<u>(24,639)</u>	<u>3,846</u>	<u>(1,580,439)</u>	<u>496,063</u>
Income (loss) before contributions and transfers	<u>1,748,061</u>	<u>2,496,230</u>	<u>125,701</u>	<u>(613,707)</u>	<u>3,756,285</u>	<u>806,692</u>
Capital contributions	-	1,003,352	421,817	4,139,246	5,564,415	-
Passenger facility charges	-	-	-	233,439	233,439	-
Transfers in	-	48,494	-	-	48,494	492,741
Transfers out	(48,494)	-	-	-	(48,494)	-
Change in net position	<u>1,699,567</u>	<u>3,548,076</u>	<u>547,518</u>	<u>3,758,978</u>	<u>9,554,139</u>	<u>1,299,433</u>
Total net position - beginning	<u>33,858,799</u>	<u>185,250,968</u>	<u>7,681,558</u>	<u>40,245,846</u>	<u>267,037,171</u>	<u>12,420,634</u>
Total net position - ending	<u>\$ 35,558,366</u>	<u>\$ 188,799,044</u>	<u>\$ 8,229,076</u>	<u>\$ 44,004,824</u>	<u>\$ 276,591,310</u>	<u>\$ 13,720,067</u>
Reconciliation with business-type activities in the Statement of Activities:						
Change in net position - enterprise funds reported in this statement					\$ 9,554,139	
Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments					<u>256,284</u>	
Change in net position of business-type activities:					<u>\$ 9,810,423</u>	

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Operating activities						
Cash received from operations	\$ 15,521,922	\$ 24,120,067	\$ 3,430,302	\$ 5,410,882	\$ 48,483,173	\$ 5,806,375
Cash paid to employees	(6,061,265)	(3,740,793)	(586,929)	(1,124,969)	(11,513,956)	(855,639)
Cash paid to suppliers	(4,009,852)	(9,303,422)	(2,358,599)	(2,114,020)	(17,785,893)	(2,010,680)
Net cash provided by operating activities	<u>5,450,805</u>	<u>11,075,852</u>	<u>484,774</u>	<u>2,171,893</u>	<u>19,183,324</u>	<u>2,940,056</u>
Noncapital financing activities						
Intergovernmental grants	-	-	9,822	-	9,822	-
Transfers in (out)	(48,494)	48,494	-	-	-	492,741
Net cash provided by (used in) noncapital financing activities	<u>(48,494)</u>	<u>48,494</u>	<u>9,822</u>	<u>-</u>	<u>9,822</u>	<u>492,741</u>
Capital and related financing activities						
Proceeds from issuance of long-term debt:						
Bond anticipation notes	1,419,825	1,281,744	385,914	-	3,087,483	1,648,344
Proceeds from bond refunding	3,581,630	3,681,641	-	-	7,263,271	220,804
Bond refunding payment to escrow agent	(3,128,697)	(3,166,449)	-	-	(6,295,146)	(217,074)
Bond refunding payment	(395,125)	(460,525)	-	-	(855,650)	-
Payment of long-term debt:						
General obligation debt	(1,823,719)	(1,381,018)	(15,000)	(66,703)	(3,286,440)	(218,151)
Direct borrowings	-	-	-	-	-	(133,400)
Revenue bonds	-	(6,055,995)	(93,950)	-	(6,149,945)	-
Drawdowns of public utility revenue bonds - revolving loan funds	-	15,440,812	421,817	-	15,862,629	-
Payment of interest on long-term debt	(1,670,754)	(1,065,294)	(22,623)	(36,775)	(2,795,446)	(120,924)
Capital contributions received	-	-	-	4,139,246	4,139,246	-
Passenger facility charges collected	-	-	-	204,638	204,638	-
Proceeds from sale of capital assets	7,877	6,095	-	-	13,972	477,578
Additions to capital assets	(6,422,280)	(16,150,865)	(1,873,256)	(2,315,882)	(26,762,283)	(5,425,217)
Proceeds from other governments	-	592,329	422,769	22,234	1,037,332	87,480
Payments from (to) other organizations	154,952	129,068	(19,583)	-	264,437	-
Net cash provided by (used in) capital and related financing activities	<u>(8,276,291)</u>	<u>(7,148,457)</u>	<u>(793,912)</u>	<u>1,946,758</u>	<u>(14,271,902)</u>	<u>(3,680,560)</u>
Investing activities						
Net sales of investments	4,474,575	6,705,312	247,491	-	11,427,378	-
Interest income received	82,440	79,817	5,873	11,660	179,790	2,705
Net cash provided by investing activities	<u>4,557,015</u>	<u>6,785,129</u>	<u>253,364</u>	<u>11,660</u>	<u>11,607,168</u>	<u>2,705</u>
Net increase (decrease) in cash and cash equivalents	<u>1,683,035</u>	<u>10,761,018</u>	<u>(45,952)</u>	<u>4,130,311</u>	<u>16,528,412</u>	<u>(245,058)</u>
Cash and cash equivalents						
Beginning	10,746,799	8,776,972	2,561,019	6,517,086	28,601,876	3,311,578
Ending	<u>\$ 12,429,834</u>	<u>\$ 19,537,990</u>	<u>\$ 2,515,067</u>	<u>\$ 10,647,397</u>	<u>\$ 45,130,288</u>	<u>\$ 3,066,520</u>
Reconciliation to Statement of Net Position						
Current Assets	\$ 11,248,201	\$ 19,537,990	\$ 2,515,067	\$ 10,585,428	\$ 43,886,686	\$ 3,066,520
Restricted Assets	1,181,633	-	-	61,969	1,243,602	-
	<u>\$ 12,429,834</u>	<u>\$ 19,537,990</u>	<u>\$ 2,515,067</u>	<u>\$ 10,647,397</u>	<u>\$ 45,130,288</u>	<u>\$ 3,066,520</u>

(Continued)

(Continued)

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 2,641,310	\$ 3,162,627	\$ 150,340	\$ (617,553)	\$ 5,336,724	\$ 310,629
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	3,278,090	8,434,452	419,151	2,179,385	14,311,078	3,016,689
Other postemployment benefit expense net of employer contributions	(603,462)	(271,889)	(57,762)	(181,139)	(1,114,252)	(67,611)
Pension expense net of employer contributions	328,755	232,720	34,850	42,983	639,308	18,200
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(203,120)	(575,010)	(41,787)	738,080	(81,837)	-
(Increase) decrease in due from other funds	(4,922)	66,385	810	(9,474)	52,799	(6,767)
Increase in inventory	(14,105)	-	-	(217)	(14,322)	(22,388)
Increase (decrease) in accounts payable	(86,060)	160,827	(10,456)	16,756	81,067	(294,617)
Increase (decrease) in accrued expenses	117,852	(13,351)	1,533	2,608	108,642	(14,024)
Increase (decrease) in due to other funds	(3,007)	(120,909)	(11,905)	374	(135,447)	(55)
Increase (decrease) in deposits payable	(526)	-	-	90	(436)	-
Net cash provided by operating activities	<u>\$ 5,450,805</u>	<u>\$ 11,075,852</u>	<u>\$ 484,774</u>	<u>\$ 2,171,893</u>	<u>\$ 19,183,324</u>	<u>\$ 2,940,056</u>
Supplemental cash flow information						
Non-cash transactions						
Capital asset additions financed by retainage payable	\$ 173,647	\$ 998,442	\$ 21,897	\$ 86,540	\$ 1,280,526	\$ -
Capital asset additions financed by accounts payable	\$ 607,217	\$ 769,683	\$ 110,538	\$ 34,989	\$ 1,522,427	\$ -
Amortization of debt related items	\$ 513,046	\$ 463,187	\$ 1,507	\$ 5,923	\$ 983,663	\$ 37,736
Undrawn public utility revenue bond proceeds	\$ -	\$ 3,728,880	\$ 170,280	\$ -	\$ 3,899,160	\$ -

Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2021

	<u>Special Welfare</u>
Assets	
Cash and cash equivalents	\$ 216,516
Total assets	<u>216,516</u>
Liabilities	
Accounts payable	2,912
Amounts held for others	11,982
Total liabilities	<u>14,894</u>
Net Position	
Restricted for individuals	201,622
Total net position	<u>\$ 201,622</u>

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

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
June 30, 2021

	Special Welfare
Additions	
Contributions for the benefit of individuals	\$ 53,155
Interest earnings	187
Total additions	<u>53,342</u>
Deductions	
Payments to benefit individuals	46,581
Total deductions	<u>46,581</u>
Increase in fiduciary net position	<u>6,761</u>
Net position - beginning, as restated	<u>194,861</u>
Net position - ending	<u><u>\$ 201,622</u></u>

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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 797
Lynchburg, Virginia 24505-0797

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, Halifax, Bedford, and Campbell. 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, 2021

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 FY2021, the City paid \$4,797,183 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 participate in Horizon Behavioral Health, the governing Board of which is composed of two members from each of the participating localities. The City appropriated \$574,512 for an operating contribution in FY2021.

Central Virginia Planning District Commission: The City serves as the Local Workforce Development Area grant recipient on behalf of the Central Virginia Planning District Commission/Central Virginia Local Workforce Development Area VII. 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 FY2021, the Central Virginia Planning District Commission received \$1,310,331 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 FY2021, the City paid \$926,931 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 Virginia’s Region 2000 Local Government Council (the “Council”). The Member Jurisdictions and the Council 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 Council. The Council 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 Council through their pro rata share of capital costs. The City’s pro rata share of capital costs is 30.1%. Should the Council fail to make debt service payments, the Member Jurisdictions have a moral non-binding obligation to pay the debt service. During FY2021, the City paid \$684,740 to the Board. The City’s scheduled capital cost payment for FY22 is \$704,670.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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 (the “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 FY2021, the City appropriated \$126,044 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. During FY2021, 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, 2021

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 Fund: 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 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 Projects, 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, 2021

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, 2021

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, 2021

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.
- The 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. 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 reappropriated 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, 2021

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)	\$ 12,745,077
Add: Net change in fund balance for Technology Fund	<u>(253,246)</u>
Net change in fund balance (GAAP basis)	<u>\$ 12,491,831</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	\$ 2,174,909
General Fund, ambulance receivables	\$ 3,958,974
Enterprise Funds	\$ 312,641

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2021

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 position 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 position 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, 2021

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, 2021

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 her designee, the Director of Finance, 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, 2021

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, 25% of the portfolio was invested in "Aaa" rated obligations; 1% was invested in "Aa1" Municipal Bonds; 4% was invested in "Aa2", 69% was invested in an "AAA" rated LGIP fund; 1% of Commercial Paper was invested in "P-1". The "Aaa" rated portion of the total portfolio included 3% of obligations guaranteed by the U. S. Government; 20% of Federal Agencies; and 2% 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 25% 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>
Federal Farm Credit Bank	8%
Federal Home Loan Bank	6%
Municipal Bonds	7%

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, 2021

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	\$ 104,976,232	-
Commercial Paper	999,080	222
U.S. Treasury Notes	5,202,533	396
Federal Farm Credit Bank	12,806,546	333
Federal Home Loan Bank	9,588,526	269
Federal National Mortgage Association	3,689,459	406
Federal Home Loan Mortgage Corporation	5,094,603	303
Municipal Bonds	10,834,788	1,013
Total investments	<u>\$ 153,191,767</u>	
Portfolio weighted average maturity		151

* 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	\$ 15,650	\$ -
Deposits	37,963,916	4,815,477
Funds held in trust by others	-	916,685
Investments	153,191,767	-
	<u>\$ 191,171,333</u>	<u>\$ 5,732,162</u>
Statement of net position:		
Cash and cash equivalents	\$ 124,054,231	\$ 4,815,477
Investments	48,215,535	-
Restricted cash and cash equivalents	18,685,051	-
Custodial fund cash and cash equivalents	216,516	916,685
	<u>\$ 191,171,333</u>	<u>\$ 5,732,162</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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	\$ 5,202,533	\$ -	\$ -	\$ 5,202,533
U.S. Debt Securities	-	31,179,134	-	31,179,134
Municipal Bonds	-	10,834,788	-	10,834,788
Commercial Paper	-	999,080	-	999,080
	<u>\$ 5,202,533</u>	<u>\$ 43,013,002</u>	<u>\$ -</u>	<u>\$ 48,215,535</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, 2021

Note 4. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2021 were as follows:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$ 1,122,665	\$ 656,830
Non-major Special Revenue Funds:		
City Capital Projects	-	175,639
City Federal/State Aid	264,755	445,833
Children's Services Act	81,995	152,570
Lynchburg Regional Juvenile Detention Center	-	26,661
Community Development Block Grant	-	132,523
HOME Investment Partnerships Program	-	47,715
Major Proprietary Funds:		
Sewer	140,617	40,962
Water	145,285	70,598
Stormwater	16,736	49,850
Airport	28,750	12,815
Internal Service	20,535	9,342
	<u>\$ 1,821,338</u>	<u>\$ 1,821,338</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	\$ 175,000	\$ 7,783,426
Non-major Special Revenue Funds:		
City Capital Projects	1,838	-
City Federal/State Aid	402,019	-
Children's Services Act	1,830	-
Lynchburg Regional Juvenile Detention Center	275	-
Community Development Block Grant	67,254	-
HOME Investment Partnerships Program		
Major Proprietary Funds:	4,634,302	175,000
Sewer	2,183,167	-
Water		
Stormwater	48,494	-
Airport	-	48,494
Internal Service	492,741	-
	<u>\$ 8,006,920</u>	<u>\$ 8,006,920</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, 2021

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	\$ 3,048,788	\$ 5,721,379
Non-major Special Revenue Fund:		
Lynchburg Business Development Centre Fund	125,000	-
	<u>\$ 3,173,788</u>	<u>\$ 5,721,379</u>
Component Units:		
Lynchburg City Schools	\$ 5,721,379	\$ 2,423,469
Business Development Centre, Inc.	-	125,000
Greater Lynchburg Transit Company	-	625,319
	<u>\$ 5,721,379</u>	<u>\$ 3,173,788</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	\$ 6,654,441	\$ 192,274	\$ 4,574,682	\$ 402,515
Virginia Revolving Loan	-	3,899,160	-	-
Members of Regional Sewage Treatment Plant	-	2,943,376	-	-
	<u>\$ 6,654,441</u>	<u>\$ 7,034,810</u>	<u>\$ 4,574,682</u>	<u>\$ 402,515</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	\$ 236,726
Amount receivable 2 to 5 years	895,289
Amount receivable beyond 5 years	<u>1,811,361</u>
	<u>\$ 2,943,376</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 7. Receivables

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

	Taxes	Accounts	Other	Total
Major funds:				
General	\$ 13,683,404	\$ 5,678,235	\$ 1,329,772	\$ 20,691,411
City Capital Projects	-	-	90,054	90,054
Water	-	1,999,487	-	1,999,487
Sewer	-	3,646,372	-	3,646,372
Stormwater	-	491,605	-	491,605
Airport	-	171,877	-	171,877
Internal Service	-	-	21,957	21,957
Non-major Governmental Funds	-	-	93,769	93,769
	<u>\$ 13,683,404</u>	<u>\$ 11,987,576</u>	<u>\$ 1,535,552</u>	<u>\$ 27,206,532</u>

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	\$ 23,420,344	\$ 48,617	\$ (7,100)	\$ 23,461,861
Construction in progress	17,540,708	15,648,462	(304,865)	32,884,305
Total capital assets, not being depreciated	<u>40,961,052</u>	<u>15,697,079</u>	<u>(311,965)</u>	<u>56,346,166</u>
<u>Capital assets, being depreciated:</u>				
Land improvements	63,072,469	1,241,795	-	64,314,264
Accumulated depreciation	(23,246,074)	(2,713,924)	-	(25,959,998)
Net land improvements	39,826,395	(1,472,129)	-	38,354,266
Buildings and improvements	314,246,774	3,047,979	-	317,294,753
Accumulated depreciation	(160,713,736)	(8,360,819)	-	(169,074,555)
Net buildings and improvements	153,533,038	(5,312,840)	-	148,220,198
Infrastructure	327,387,693	4,585,462	-	331,973,155
Accumulated depreciation	(174,137,706)	(8,391,029)	-	(182,528,735)
Net infrastructure	153,249,987	(3,805,567)	-	149,444,420
Machinery and equipment	56,689,336	7,020,458	(2,633,011)	61,076,783
Accumulated depreciation	(38,436,274)	(4,267,045)	2,584,059	(40,119,260)
Net machinery and equipment	18,253,062	2,753,413	(48,952)	20,957,523
Total capital assets being depreciated	761,396,272	15,895,694	(2,633,011)	774,658,955
Less: accumulated depreciation	(396,533,790)	(23,732,817)	2,584,059	(417,682,548)
Total capital assets, being depreciated	<u>364,862,482</u>	<u>(7,837,123)</u>	<u>(48,952)</u>	<u>356,976,407</u>
Capital assets, net	<u>\$ 405,823,534</u>	<u>\$ 7,859,956</u>	<u>\$ (360,917)</u>	<u>\$ 413,322,573</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 8. Capital Assets (Continued)

Primary Government: (Continued)

There are no assets included above financed by capital leases as of June 30, 2021.

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.

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 800,080
Education	6,733,154
Judicial	601,266
Health and human services	264,189
Public safety	2,258,287
Public works	10,699,724
Community development	204,300
Cultural and recreational	1,767,194
	<hr/>
Total governmental activities	23,328,194
	<hr/>
Business-type activities:	
Water	152,797
Sewer	240,446
Stormwater	9,628
Airport	1,752
	<hr/>
Total business-type activities	404,623
	<hr/>
Total depreciation	\$ 23,732,817

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 \$404,623 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, 2021

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:

<u>Business-type Activities</u>	<u>Beginning Balances</u>	<u>Transfers and Additions</u>	<u>Transfers and Retirements</u>	<u>Ending Balances</u>
<u>Capital assets, not being depreciated:</u>				
Land	\$ 5,126,887	\$ 47,526	\$ -	\$ 5,174,413
Construction in progress	49,829,182	3,660,791	(37,724,671)	15,765,302
Total capital assets, not being depreciated	54,956,069	3,708,317	(37,724,671)	20,939,715
<u>Capital assets, being depreciated:</u>				
Land improvements	14,177,339	20,289	-	14,197,628
Accumulated depreciation	(12,451,828)	(132,341)	-	(12,584,169)
Net land improvements	1,725,511	(112,052)	-	1,613,459
Buildings and improvements	69,791,174	31,450,737	(2,917,743)	98,324,168
Accumulated depreciation	(36,876,197)	(2,128,147)	2,852,016	(36,152,328)
Net buildings and improvements	32,914,977	29,322,590	(65,727)	62,171,840
Infrastructure	492,225,554	19,281,072	(670,824)	510,835,802
Accumulated depreciation	(178,896,107)	(10,639,219)	536,706	(188,998,620)
Net infrastructure	313,329,447	8,641,853	(134,118)	321,837,182
Machinery and equipment	26,637,459	8,419,950	(1,345,516)	33,711,893
Accumulated depreciation	(14,031,810)	(1,223,609)	1,284,691	(13,970,728)
Net machinery and equipment	12,605,649	7,196,341	(60,825)	19,741,165
Capitalized interest	7,345,201	-	-	7,345,201
Accumulated depreciation	(2,747,014)	(146,904)	-	(2,893,918)
Net capitalized interest	4,598,187	(146,904)	-	4,451,283
Total capital assets being depreciated	610,176,727	59,172,048	(4,934,083)	664,414,692
Less: accumulated depreciation	(245,002,956)	(14,270,220)	4,673,413	(254,599,763)
Total capital assets, being depreciated	365,173,771	44,901,828	(260,670)	409,814,929
Capital assets, net	\$ 420,129,840	\$ 48,610,145	\$ (37,985,341)	\$ 430,754,644

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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	\$ 17,485,938	\$ 3,029,595	\$ (395,018)	\$ 20,120,515
Accumulated depreciation	(11,115,599)	(1,499,837)	395,018	(12,220,418)
Net equipment	<u>6,370,339</u>	<u>1,529,758</u>	<u>-</u>	<u>7,900,097</u>
Equipment – cafeteria	1,458,309	5,233	-	1,463,542
Accumulated depreciation	(1,094,350)	(79,515)	-	(1,173,865)
Net equipment – cafeteria	<u>363,959</u>	<u>(74,282)</u>	<u>-</u>	<u>289,677</u>
Total capital assets being depreciated	18,944,247	3,034,828	(395,018)	21,584,057
Less: accumulated depreciation	<u>(12,209,949)</u>	<u>(1,579,352)</u>	<u>395,018</u>	<u>(13,394,283)</u>
Capital assets, net	<u>\$ 6,734,298</u>	<u>\$ 1,455,476</u>	<u>\$ -</u>	<u>\$ 8,189,774</u>

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

Land, buildings, and improvements	\$ 33,081,362
Construction in progress	26,550
Machinery and equipment	<u>31,122,280</u>
	64,230,192
Less accumulated depreciation	<u>28,675,765</u>
	<u>\$ 35,554,427</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 9. Long-Term Liabilities

Primary Government:

General Obligation Debt:

As of June 30, 2021	Interest Rates (%)	Date Issued	Final Maturity	Original Issue	Public Improvements	School Facilities	Proprietary Funds	Total
Bond Anticipation Note								
Public Improvement- Line of Credit for Two Years	Variable-LIBOR	6/30/2020	2023	\$ 42,000,000	\$ 67,656	\$ 2,813,392	\$ 4,817,010	\$ 7,698,058
General Obligation Bonds								
VA Resources Authority	0.00	3/24/1994	2027	3,976,369	-	-	648,662	648,662
VPSA General Obligation	3.10-5.10	11/15/2001	2022	3,473,329	-	197,952	-	197,952
VPSA General Obligation	2.35-4.85	11/7/2002	2023	6,513,732	-	736,614	-	736,614
VPSA General Obligation	4.60-5.10	11/10/2005	2026	6,411,957	-	1,799,168	-	1,799,168
Public Improvement Series C Refunding	2.00-4.00	8/13/2009	2023	12,800,000	261,142	133,388	410,470	805,000
VPSA General Obligation	0.00	11/13/2009	2027	10,255,000	-	4,380,000	-	4,380,000
Public Improvement	2.00-5.00	7/10/2014	2044	101,730,000	14,670,000	56,220,000	14,160,000	85,050,000
Public Improvement Refunding	5.00	7/10/2014	2026	13,460,000	4,815,219	1,899,077	830,705	7,545,001
Public Improvement	2.00-5.00	5/19/2016	2046	26,945,000	11,683,788	-	11,311,212	22,995,000
Public Improvement Refunding	2.00-5.00	5/19/2016	2038	20,350,000	4,816,436	-	11,473,564	16,290,000
Public Improvement Refunding	3.00-5.00	9/26/2017	2040	29,100,000	4,669,758	9,520,755	13,324,488	27,515,001
Public Improvement	2.00-5.00	1/30/2020	2050	49,425,000	32,550,000	3,930,000	12,710,000	49,190,000
Public Improvement Refunding	4.00-5.00	10/26/2020	2034	15,340,000	5,308,169	3,888,572	6,143,260	15,340,001
General Obligation- Direct Borrowings								
Public Improvement Refunding	3.80	12/19/2012	2024	4,129,625	914,842	-	-	914,842
Public Improvement	2.75	10/23/2013	2029	10,000,000	3,765,285	499,515	1,066,200	5,331,000
					<u>\$ 83,522,295</u>	<u>\$ 86,018,433</u>	<u>\$ 76,895,571</u>	<u>\$ 246,436,299</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 \$74,575,000 at June 30, 2021.

As of June 30, the City's Primary Government had outstanding general obligation bonds of \$246,436,299, including direct borrowings from commercial banks totaling \$6,245,842. 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, 2021

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 \$591.1 million. The City’s aggregate general obligation indebtedness was \$246.4 million and the City’s legal debt margin (amount available for issuance of additional debt) was \$344.7 million.

Debt Management Policy:

The City’s Debt Management Policy, which was most recently revised on December 10, 2019, 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 2.79% 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 63.80%. There are no overlapping tax jurisdictions.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Revenue Debt:

As of June 30, 2021	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	2027	\$ 6,541,207	\$ 914,947	\$ -	\$ 914,947
Public Utility Revenue Bonds	0.00	8/10/1995	2029	10,000,000	1,908,730	-	1,908,730
Public Utility Revenue Bonds	0.00	6/27/1996	2029	8,000,000	1,477,544	-	1,477,544
Public Utility Revenue Bonds	0.00	7/17/1997	2030	7,591,540	1,856,708	-	1,856,708
Public Utility Revenue Bonds	0.00	8/21/1998	2031	6,203,000	1,742,732	-	1,742,732
Public Utility Revenue Bonds	0.00	2/15/2001	2032	735,000	234,868	-	234,868
Public Utility Revenue Bonds	0.00	11/6/2001	2034	1,413,613	537,293	-	537,293
Public Utility Revenue Bonds	0.00	9/15/2003	2036	2,350,165	1,095,558	-	1,095,558
Public Utility Revenue Bonds	0.00	5/20/2004	2038	6,000,000	3,100,000	-	3,100,000
Public Utility Revenue Bonds	0.00	5/17/2005	2038	6,700,000	3,573,333	-	3,573,333
Public Utility Revenue Bonds	0.00	6/28/2006	2039	9,600,000	5,600,000	-	5,600,000
Public Utility Revenue Bonds	0.00	6/20/2007	2039	7,000,000	4,200,000	-	4,200,000
Public Utility Revenue Bonds	0.00	6/5/2008	2041	12,350,000	8,027,500	-	8,027,500
Public Utility Revenue Bonds	0.00	6/25/2009	2041	19,000,000	12,666,667	-	12,666,667
Public Utility Revenue Bonds	0.00	6/17/2010	2042	13,100,000	9,170,000	-	9,170,000
Public Utility Revenue Bonds	0.00	6/15/2011	2033	9,343,149	7,911,667	-	7,911,667
Public Utility Revenue Bonds	0.00	6/15/2011	2045	10,100,000	5,602,778	-	5,602,778
Public Utility Revenue Bonds	0.00	6/6/2012	2044	7,000,000	5,366,667	-	5,366,667
Public Utility Revenue Bonds	0.00	1/5/2017	2038	1,798,578	-	1,597,155	1,597,155
Public Utility Revenue Bonds	0.00	9/18/2018	2041	32,000,000	31,200,000	-	31,200,000
Public Utility Revenue Bonds	0.00	7/30/2020	2041	1,500,000	1,500,000	-	1,500,000
					<u>\$ 107,686,992</u>	<u>\$ 1,597,155</u>	<u>\$ 109,284,147</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 1.47 and the Stormwater Fund's debt coverage ratio was 4.55.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Summary of Changes in Long-Term Liabilities for FY 2021:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Bond anticipation notes	\$ 550,917	\$ 3,978,475	\$ -	\$ 4,529,392	\$ -
General obligation bonds	173,527,812	9,379,797	19,764,148	163,143,461	10,410,593
General obligation- Direct borrowings	9,188,383	-	2,942,541	6,245,842	1,082,448
Other long term payable *	3,062,887	-	437,555	2,625,332	437,555
Adjust for deferred amounts:					
Issuance discounts	(373,161)	-	(53,308)	(319,853)	-
Issuance premiums	14,966,736	2,055,817	1,853,565	15,168,988	-
Total bonds and notes	200,923,574	15,414,089	24,944,501	191,393,162	11,930,596
Workers' compensation**	2,654,664	796,157	1,156,824	2,293,997	275,280
Compensated absences**	4,782,174	3,208,476	3,263,369	4,727,281	567,273
	<u>\$ 208,360,412</u>	<u>\$ 19,418,722</u>	<u>\$ 29,364,694</u>	<u>\$ 198,414,440</u>	<u>\$ 12,773,149</u>

Business-Type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Bond anticipation notes	\$ 81,183	\$ 3,087,483	\$ -	\$ 3,168,666	\$ -
General obligation bonds	72,970,321	5,960,203	9,581,586	69,348,938	3,309,392
General obligation- Direct borrowings	855,650	-	855,650	-	-
Public utility revenue bonds	113,934,092	1,500,000	6,149,945	109,284,147	6,542,972
Adjust for deferred amounts:					
Issuance premiums	5,914,367	1,303,068	983,780	6,233,655	-
Total bonds and notes	193,755,613	11,850,754	17,570,961	188,035,406	9,852,364
Workers' compensation	298,351	404,038	321,574	380,815	45,698
Compensated absences	692,012	528,540	531,289	689,263	82,711
	<u>\$ 194,745,976</u>	<u>\$ 12,783,332</u>	<u>\$ 18,423,824</u>	<u>\$ 189,105,484</u>	<u>\$ 9,980,773</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, 2021

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		Other Long Term Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 10,410,593	\$ 6,318,680	\$ 1,082,448	\$ 154,602	\$ 437,555	\$ -
2023	10,208,947	5,867,149	1,091,918	126,791	437,555	-
2024	9,885,659	5,410,896	741,476	101,167	437,555	-
2025	9,781,023	4,963,303	666,000	82,418	437,555	-
2026	10,042,972	4,512,232	666,000	64,103	437,555	-
2027-2031	39,680,156	16,742,953	1,998,000	82,418	437,557	-
2032-2036	34,672,433	9,438,529	-	-	-	-
2037-2041	27,836,678	4,373,168	-	-	-	-
2042-2044	10,625,000	667,766	-	-	-	-
	<u>\$ 163,143,461</u>	<u>\$ 58,294,676</u>	<u>\$ 6,245,842</u>	<u>\$ 611,499</u>	<u>\$ 2,625,332</u>	<u>\$ -</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
2022	\$ 1,829,008	\$ 1,541,972	\$ 1,395,513	\$ 952,106	\$ 15,000	\$ 21,569	\$ 69,871	\$ 33,441
2023	1,827,460	1,457,191	1,390,302	892,845	15,000	20,819	73,567	29,947
2024	1,805,347	1,369,910	1,311,449	833,716	15,000	20,069	77,263	26,269
2025	1,753,801	1,277,806	1,239,703	776,874	15,000	19,319	81,093	22,406
2026	1,795,705	1,185,514	1,268,065	720,985	15,000	18,569	85,058	18,351
2027-2031	9,411,697	4,676,884	5,776,442	2,865,416	95,000	79,594	221,703	60,823
2032-2036	9,616,814	2,856,971	5,366,863	1,820,105	120,000	57,853	258,890	23,776
2037-2041	8,109,094	1,326,698	4,524,230	1,037,971	130,000	43,331	-	-
2042-2046	3,580,000	394,622	3,495,000	446,300	150,000	26,231	-	-
2047-2050	870,000	44,125	1,410,000	71,500	135,000	6,938	-	-
	<u>\$ 40,598,926</u>	<u>\$ 16,131,693</u>	<u>\$ 27,177,567</u>	<u>\$ 10,417,818</u>	<u>\$ 705,000</u>	<u>\$ 314,292</u>	<u>\$ 867,445</u>	<u>\$ 215,013</u>

Year Ending June 30	Business-Type Activities	
	Revenue Bonds	
	Sewer Fund	Stormwater Fund
	Principal	Principal
2022	\$ 6,449,022	\$ 93,950
2023	6,449,022	93,950
2024	6,449,022	93,950
2025	6,449,022	93,950
2026	6,449,022	93,950
2027-2031	28,848,970	469,752
2032-2036	24,827,079	469,752
2037-2041	19,450,833	187,901
2042-2045	2,315,000	-
	<u>\$ 107,686,992</u>	<u>\$ 1,597,155</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

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. All outstanding amounts are due on June 15, 2023. Outstanding principal as of June 30 is \$7,698,058. The unused line of credit is \$34,301,942.

October 29, 2020 General Obligation Public Improvement Refunding Bonds, Series 2020B

The City issued \$15,340,000 of General Obligation Public Improvement Refunding Bonds, Series 2020B on October 29, 2020 with an average interest rate of 4.99% from its competitive bond sale on October 15, 2020. The proceeds of the Series 2020B Bonds, along with a \$315,000 equity contribution from the City, were applied to (i) the refunding and defeasance of \$15,730,000 aggregate principal amount of the City's General Obligation Public Improvement Refunding Bonds, Series 2010, (ii) the refunding of \$2,725,000 aggregate principal amount of the City's General Obligation Public Improvement Refunding Bonds, Series 2015; which were issued as a direct bank loan purchase, and (iii) pay the costs of issuance associated with the Series 2020B Bonds. The refunding reduced the total debt service payments over the next 14 years by \$2,793,554 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,664,881.

As part of the above refunding, \$13,265,000 of bonds with an average interest rate of 4.99% were issued, along with a \$90,000 equity contribution from the City, to current refund \$15,730,000 of principal for the Series 2010 Refunding Bonds. The City deposited the net proceeds from the refunding bonds in an irrevocable trust with an escrow agent that purchased U.S. Government securities. The trust will provide funds for debt service on the refunded bonds for maturities from FY 2022 and FY 2034. The City funded maturities through FY 2021. As of the bond closing date of October 29, 2020, these refunded bonds are considered defeased and the liability for them has been removed from the financial statements. The current refunding reduced the total debt service payments over the next 14 years by \$2,567,967 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,456,279. This current refunding resulted in the total difference between the reacquisition price and the net carrying value of the old debt of \$330,425. This difference will be reported in the financial statements as deferred debt charges, and will be amortized as a component of interest expenses through FY 2034 over the life of the refunded bonds, which is equal to the life of the new debt issued. The escrow agent called the Series 2010 bonds on December 1, 2020.

Also, as part of the above refunding, \$2,075,000 of bonds with an average interest rate of 5.00% were issued, along with a \$225,000 equity contribution from the City, to current refund \$2,725,000 of principal for the Series 2015 Refunding Bonds. The direct bank loan was paid in full as of October 29, 2020 and the liability has been removed from the financial statements. The current refunding reduced the total debt service payments over the next 10 years by \$225,587 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$208,602. This current refunding resulted in the total difference between the reacquisition price and the net carrying value of the old debt of \$26,471. This difference will be reported in the financial statements as deferred debt charges, and will be amortized as a component of interest expenses through FY 2030 over the life of the refunded bonds, which is equal to the life of the new debt issued.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 9. Long-Term Liabilities (Continued)

Component Unit – Lynchburg City Schools:

Summary of Changes in Long-Term Liabilities for FY 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Compensated absences	\$ 1,126,630	\$ 660,530	\$ 676,570	\$ 1,110,590	\$ 657,548
	<u>\$ 1,126,630</u>	<u>\$ 660,530</u>	<u>\$ 676,570</u>	<u>\$ 1,110,590</u>	<u>\$ 657,548</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 2021 the City was in compliance with the Fund Balance Policy.

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2021

	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	\$ -	\$ -	\$ -	\$ 347,794	\$ -	\$ -	\$ -
Public Safety	-	-	-	224,431	-	-	-
Economic Development	-	-	-	92,089	-	-	-
Grants	-	-	-	402,653	-	-	-
CARES	-	-	-	154,697	-	-	-
CDBG - Bluffwalk	-	-	-	-	1,308,673	-	-
State Asset Forfeiture - Commonwealth Attorney	-	-	-	-	-	-	96,226
Federal Asset Forfeiture- Police	-	-	-	-	-	-	4,763
State Asset Forfeiture - Police	-	-	-	-	-	-	27,718
Health and Human Services	-	-	-	-	-	-	-
Lynchburg Expressway beautification	-	-	-	-	-	-	-
HOME projects	-	-	-	-	-	-	-
Unspent UCI Cash	-	133,270	-	-	-	-	-
Committed to:							
Technology	1,802,374	-	-	-	-	-	-
Detention Home Workers Compensation	100,000	-	-	-	-	-	-
Health Insurance Reserve	64,793	-	-	-	-	-	-
Schools for Textbooks	2,229,511	-	-	-	-	-	-
Schools for Health Insurance Reserve	2,066,925	-	-	-	-	-	-
Other Postemployment Benefits	3,044,744	-	-	-	-	-	-
Solid Waste Debt Retirement	123,525	-	-	-	-	-	-
Schools Special Education	321,000	-	-	-	-	-	-
GLTC Special Reserve	2,227,379	-	-	-	-	-	-
Self Insurance (5001)	227,263	-	-	-	-	-	-
Fuel	100,000	-	-	-	-	-	-
Long Term On-Time Debt Financing	400,000	-	-	-	-	-	-
Community Development	1,075	-	-	-	-	-	-
Cultural and Recreational	1,926	-	-	-	-	-	-
General Government	338,455	-	-	-	-	-	-
Health and Welfare	17,826	-	-	-	-	-	-
Judicial	4,763	-	-	-	-	-	-
Public Safety	30,627	-	-	-	-	-	-
Public Works	1,504,068	-	-	-	-	-	-
Advance to Lynchburg United Soccer	-	50,000	-	-	-	-	-
Building projects	-	3,574,256	-	-	-	-	-
Transportation projects	-	22,855,189	-	-	-	-	-
Economic Development projects	-	2,505,506	-	-	-	-	-
Parks and Recreation projects	-	1,343,462	-	-	-	-	-
Other Projects	-	602,070	-	-	-	-	-
School Construction and Maintenance	-	-	4,246,313	-	-	-	-
Provision of loan funds for small businesses	-	-	-	-	-	125,384	-
Assigned to:							
Return of School Fund Balance	2,423,469	-	-	-	-	-	-
Law Library	63,563	-	-	-	-	-	-
Museum	50,028	-	-	-	-	-	-
Recreation Programs	205,590	-	-	-	-	-	-
Pier Program	46,667	-	-	-	-	-	-
Health Insurance Reserve	3,061,235	-	-	-	-	-	-
Line of Duty Death Benefit	501,440	-	-	-	-	-	-
Future Landfill Needs	260,998	-	-	-	-	-	-
Parking Operations	257,596	-	-	-	-	-	-
Point of Honor	2,653	-	-	-	-	-	-
Police Range Operations	4,027	-	-	-	-	-	-
Future Police Building	104,927	-	-	-	-	-	-
Fire Restitution	100	-	-	-	-	-	-
Juvenile Detention Center	-	-	-	-	-	-	-
Adopt-A-Bed	1,085	-	-	-	-	-	-
Virginia Land Conservancy	2,314	-	-	-	-	-	-
General Government	903,306	-	-	-	-	-	-
Health and Welfare	84,405	-	-	-	-	-	-
Judicial	5,810	-	-	-	-	-	-
Public Safety	175,469	-	-	-	-	-	-
Public Works	1,280,485	-	-	-	-	-	-
Community Development	51,276	-	-	-	-	-	-
Community Diversion	196,569	-	-	-	-	-	-
Cultural & Recreational	5,173	-	-	-	-	-	-
Fire Training Center	5,000	-	-	-	-	-	-
Community Placement Program	-	-	-	-	-	-	-
Unassigned:	49,771,343	-	-	-	-	-	-
Total Fund Balance	\$ 74,070,782	\$ 31,063,753	\$ 4,246,313	\$ 1,221,664	\$ 1,308,673	\$ 125,384	\$ 128,707

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements As of June 30, 2021

	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	\$ -	\$ -	\$ -	\$ -	\$ 347,794
Public Safety	-	-	-	-	224,431
Economic Development	-	-	-	-	92,089
Grants	-	-	-	-	402,653
CARES	-	-	-	-	154,697
CDBG - Bluffwalk	-	-	-	-	1,308,673
State Asset Forfeiture - Commonwealth Attorney	-	-	-	-	96,226
Federal Asset Forfeiture- Police	-	-	-	-	4,763
State Asset Forfeiture - Police	-	-	-	-	27,718
Health and Human Services	281,810	-	-	-	281,810
Lynchburg Expressway beautification	-	218,661	-	-	218,661
HOME projects	-	-	3,727	-	3,727
Unspent UCI Cash	-	-	-	-	133,270
Committed to:					
Technology	-	-	-	-	1,802,374
Detention Home Workers Compensation	-	-	-	-	100,000
Health Insurance Reserve	-	-	-	-	64,793
Schools for Textbooks	-	-	-	-	2,229,511
Schools for Health Insurance Reserve	-	-	-	-	2,066,925
Other Postemployment Benefits	-	-	-	-	3,044,744
Solid Waste Debt Retirement	-	-	-	-	123,525
Schools Special Education	-	-	-	-	321,000
GLTC Special Reserve	-	-	-	-	2,227,379
Self Insurance (5001)	-	-	-	-	227,263
Fuel	-	-	-	-	100,000
Long Term On-Time Debt Financing	-	-	-	-	400,000
Community Development	-	-	-	-	1,075
Cultural and Recreational	-	-	-	-	1,926
General Government	-	-	-	-	338,455
Health and Welfare	-	-	-	-	17,826
Judicial	-	-	-	-	4,763
Public Safety	-	-	-	-	30,627
Public Works	-	-	-	-	1,504,068
Advance to Lynchburg United Soccer	-	-	-	-	50,000
Building projects	-	-	-	-	3,574,256
Transportation projects	-	-	-	-	22,855,189
Economic Development projects	-	-	-	-	2,505,506
Parks and Recreation projects	-	-	-	-	1,343,462
Other Projects	-	-	-	-	602,070
School Construction and Maintenance	-	-	-	-	4,246,313
Provision of loan funds for small businesses	-	-	-	-	125,384
Assigned to:					
Return of School Fund Balance	-	-	-	-	2,423,469
Law Library	-	-	-	-	63,563
Museum	-	-	-	-	50,028
Recreation Programs	-	-	-	-	205,590
Pier Program	-	-	-	-	46,667
Health Insurance Reserve	-	-	-	-	3,061,235
Line of Duty Death Benefit	-	-	-	-	501,440
Future Landfill Needs	-	-	-	-	260,998
Parking Operations	-	-	-	-	257,596
Point of Honor	-	-	-	-	2,653
Police Range Operations	-	-	-	-	4,027
Future Police Building	-	-	-	-	104,927
Fire Restitution	-	-	-	-	100
Juvenile Detention Center	-	-	-	50,743	50,743
Adopt-A-Bed	-	-	-	-	1,085
Virginia Land Conservancy	-	-	-	-	2,314
General Government	-	-	-	-	903,306
Health and Welfare	-	-	-	-	84,405
Judicial	-	-	-	-	5,810
Public Safety	-	-	-	-	175,469
Public Works	-	-	-	-	1,280,485
Community Development	-	-	-	-	51,276
Community Diversion	-	-	-	-	196,569
Cultural & Recreational	-	-	-	-	5,173
Fire Training Center	-	-	-	-	5,000
Community Placement Program	-	-	-	150,581	150,581
Unassigned:	-	-	-	-	49,771,343
Total Fund Balance	\$ 281,810	\$ 218,661	\$ 3,727	\$ 201,324	\$ 112,870,798

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2019 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>1,073</u>
Inactive members:	
Vested inactive members	232
Non-vested inactive members	301
Inactive members active elsewhere in VRS	<u>331</u>
Total inactive members	<u>864</u>
Active members	<u>1,172</u>
Total covered employees	<u><u>3,109</u></u>

Contributions

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

The political subdivision’s contractually required contribution rate for the year ended June 30, 2021 was 19.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$11,088,357 and \$10,870,219 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

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, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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 RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted rates to better fit experience at each year age and service through 9 years of service; lowered disability rates; no change to salary scale; increased rate of line of duty disability from 14% to 20% (Largest 10) and from 14% to 15% (All Others); decreased the discount rate from 7.00% to 6.75%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Actuarial Assumptions (Continued)

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non-10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted rates to better fit experience at each year age and service through 9 years of service; increased disability rates; no change to salary scale; increased rate of line of duty disability from 60% to 70% (Largest 10), decreased from 60% to 45% (All Others); decreased the discount rate from 7.00% to 6.75%.

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 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.14 %

The above allocation provides for a one-year return of 7.14%. 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 7.11%, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	\$ 388,191,364	\$ 281,833,408	\$ 106,357,956
Changes for the year:			
Service cost	6,986,017	-	6,986,017
Interest	25,463,249	-	25,463,249
Differences between expected and actual experience	(1,859,042)	-	(1,859,042)
Contributions – employer	-	10,510,166	(10,510,166)
Contributions – employee	-	2,783,330	(2,783,330)
Net investment income	-	5,343,056	(5,343,056)
Benefit payments, including refunds of employee contributions	(21,916,092)	(21,916,092)	-
Administrative expenses	-	(184,881)	184,881
Other changes	-	(7,513)	7,513
Net changes	8,674,132	(3,471,934)	12,146,066
Balances at June 30, 2020	\$ 396,865,496	\$ 278,361,474	\$ 118,504,022

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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>\$ 165,387,977</u>	<u>\$ 118,504,022</u>	<u>\$ 79,270,683</u>

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

For the year ended June 30, 2021, the political subdivision recognized pension expense of \$14,600,597. At June 30, 2021, 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	\$ 24,656	\$ 2,542,682
Change in assumptions	4,775,967	-
Net difference between projected and actual earnings on pension plan investments	8,355,355	-
Employer contributions subsequent to the measurement date	11,088,357	-
Total	<u>\$ 24,244,335</u>	<u>\$ 2,542,682</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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 \$11,088,357 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, 2022. 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 to Pension Expense
2022	\$ 1,794,932
2023	3,577,054
2024	2,564,673
2025	2,676,337
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2021, approximately \$1,408,725 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2019 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>113</u>
Inactive members:	
Vested inactive members	10
Non-vested inactive members	74
Inactive members active elsewhere in VRS	<u>36</u>
Total inactive members	<u>120</u>
Active members	<u>136</u>
Total covered employees	<u><u>369</u></u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2021 was 5.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$204,330 and \$185,889 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability

The net pension liability 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

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, 2019, 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, 2020.

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*

- * Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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 RP-2014 Mortality Table Projected to 2020 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, 2021

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted rates to better fit experience at each year age and service through 9 years of service; lowered disability rates; no change to salary scale; increased rate of line of duty disability from 14% to 20% (Largest 10) and from 14% to 15% (All Others); decreased the discount rate from 7.00% to 6.75%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non-10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted rates to better fit experience at each year age and service through 9 years of service; increased disability rates; no change to salary scale; increased rate of line of duty disability from 60% to 70% (Largest 10), decreased from 60% to 45% (All Others); decreased the discount rate from 7.00% to 6.75%.

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 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
Total	100.00 %		4.64 %
Inflation			2.50 %
*Expected arithmetic nominal return			7.14 %

The above allocation provides for a one-year return of 7.14%. 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 7.11%, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	\$ 15,128,466	\$ 15,213,168	\$ (84,702)
Changes for the year:			
Service cost	373,151	-	373,151
Interest	1,012,796	-	1,012,796
Differences between expected and actual experience	470,100	-	470,100
Contributions – employer	-	185,729	(185,729)
Contributions – employee	-	181,694	(181,694)
Net investment income	-	295,514	(295,514)
Benefit payments, including refunds of employee contributions	(895,204)	(895,204)	-
Administrative expenses	-	(10,290)	10,290
Other changes	-	(346)	346
Net changes	960,843	(242,903)	1,203,746
Balances at June 30, 2020	\$ 16,089,309	\$ 14,970,265	\$ 1,119,044

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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>\$ 2,871,309</u>	<u>\$ 1,119,044</u>	<u>\$ (364,300)</u>

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

For the year ended June 30, 2021, the School Division recognized pension expense of \$548,763. At June 30, 2021, 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	\$ 268,340	\$ 60,038
Change in assumptions	73,005	-
Net difference between projected and actual earnings on pension plan investments	454,713	-
Employer contributions subsequent to the measurement date	<u>204,330</u>	<u>-</u>
Total	<u>\$ 1,000,388</u>	<u>\$ 60,038</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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 \$204,330 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, 2022. 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 to Pension Expense
2022	\$ 222,043
2023	210,411
2024	156,555
2025	147,011
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS School Division Retirement Plans is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021, approximately \$36,149 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 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, 2021

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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$8,331,322 and \$8,183,144 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the School Division reported a liability of \$89,733,905 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Division's proportion was 0.639% as compared to 0.649% at June 30, 2019.

For the year ended June 30, 2021, the School Division recognized pension expense of \$8,643,612. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

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

At June 30, 2021, 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	\$ -	\$ 5,259,790
Change in assumptions	6,125,464	-
Net difference between projected and actual earnings on pension plan investments	6,825,258	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	220,014	6,091,780
Employer contributions subsequent to the measurement date	8,331,322	-
Total	<u>\$ 21,502,058</u>	<u>\$ 11,351,570</u>

The \$8,331,322 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, 2022. 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
2022	\$ (1,793,161)
2023	455,480
2024	1,624,211
2025	1,695,176
2026	(162,540)
Thereafter	-

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 51,001,855
Plan Fiduciary Net Position	36,449,229
Employers' Net Pension Liability (Asset)	<u>\$ 14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%

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>\$ 131,659,792</u>	<u>\$ 89,733,905</u>	<u>\$ 55,055,897</u>

Payables to the Pension Plan

At June 30, 2021, approximately \$1,053,617 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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	\$ 9,710,074	\$ 1,378,283	\$ 11,088,357
Net difference between projected and actual earnings on investments	7,316,785	1,038,570	8,355,355
Changes of assumptions	4,182,315	593,652	4,775,967
Differences between expected and actual experience	21,591	3,065	24,656
Total deferred outflow of resources	<u>\$ 21,230,765</u>	<u>\$ 3,013,570</u>	<u>\$ 24,244,335</u>
Net pension liability	<u>\$ 103,773,971</u>	<u>\$ 14,730,051</u>	<u>\$ 118,504,022</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,226,626	\$ 316,056	\$ 2,542,682
Total deferred inflow of resources	<u>\$ 2,226,626</u>	<u>\$ 316,056</u>	<u>\$ 2,542,682</u>
Pension Expense			
VRS	\$ 12,785,743	\$ 1,814,854	\$ 14,600,597
Total pension expense	<u>\$ 12,785,743</u>	<u>\$ 1,814,854</u>	<u>\$ 14,600,597</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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.

	Governmental Activities
Deferred outflows of resources:	
Changes in proportion and related differences – cost sharing plans VRS teacher cost sharing plan	\$ 220,014
Difference between expected and actual experience VRS – nonprofessionals	268,340
Changes in assumptions VRS – nonprofessionals	73,005
VRS teacher cost sharing plan	6,125,464
Net difference between projected and actual earnings on pension plan investments VRS – nonprofessionals	454,713
VRS teacher cost sharing plan	6,825,258
Contributions subsequent to measurement date VRS – nonprofessionals	204,330
VRS teacher cost sharing plan	8,331,322
	<u>\$ 22,502,446</u>
Net VRS liability (asset):	
VRS – nonprofessionals	\$ 1,119,044
VRS teacher cost sharing plan	89,733,905
	<u>\$ 90,852,949</u>
Deferred inflows of resources:	
Difference between expected and actual experience VRS – nonprofessionals	\$ 60,038
VRS teacher cost sharing plan	5,259,790
Changes in proportion and related differences – cost sharing plans VRS teacher cost sharing plan	6,091,780
	<u>\$ 11,411,608</u>
Net VRS expense	
VRS – nonprofessionals	\$ 548,763
VRS teacher cost sharing plan	8,643,612
	<u>\$ 9,192,375</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2020, was as follows:

Actives	1,150
Retired/Dependents	<u>507</u>
Total Participants	<u><u>1,657</u></u>

Total OPEB Liability

The City's total OPEB liability of \$49,499,307 was measured as of June 30, 2021, and was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions

In the January 1, 2020 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 1.92% 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, 2021

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

City of Lynchburg (Continued)

Changes in OPEB Liability

	2021
Service Cost	\$ 356,717
Interest	1,148,518
Changes in assumptions	2,879,001
Benefit payments, including implicit subsidies	(2,796,080)
Net Change in Total OPEB Liability	1,588,156
Total OPEB Liability – Beginning of Year	47,911,151
Total OPEB Liability – End of Year	<u>\$ 49,499,307</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 1.92%, 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 (0.92%)	Current Discount Rate (1.92%)	1.00% Increase (2.92%)
Total OPEB Liability	\$ 55,977,037	\$ 49,499,307	\$ 44,207,630
Net OPEB Liability	<u>\$ 55,977,037</u>	<u>\$ 49,499,307</u>	<u>\$ 44,207,630</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	\$ 44,037,239	\$ 49,499,307	\$ 56,138,292
Net OPEB Liability	<u>\$ 44,037,239</u>	<u>\$ 49,499,307</u>	<u>\$ 56,138,292</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, 2021

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, 2021, the City recognized OPEB expense of \$(5,369,794). At June 30, 2021, 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	\$ -	\$ 39,165,942
Change in actuarial assumptions	7,522,703	298,886
Total	<u>\$ 7,522,703</u>	<u>\$ 39,464,828</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)
2022	\$ (6,875,029)
2023	(6,875,029)
2024	(6,875,034)
2025	(3,320,929)
2026	(4,177,987)
After 2026	(3,818,117)
Total Amount to be Recognized	<u>\$ (31,942,125)</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, 2021

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

Lynchburg City Schools (Continued)

Early Retirement Incentive Plan

Under an early retirement incentive plan adopted by the School Board in April 2009, the Schools will pay the employer-only low option medical plan for an eligible retiree. Employees are eligible for this early retirement incentive plan upon reaching twenty-five (25) years of Virginia Retirement System service and ten (10) continuous years of employment with Lynchburg City Schools immediately preceding retirement. The benefit is payable for five (5) years or until age 65, whichever occurs first. This plan was offered only in FY 2009, and is no longer available to new participants.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries	
currently receiving benefits	52
Active plan members	1,339
	<hr/>
Total participants	1,391
	<hr/> <hr/>

Total OPEB Liability

The Schools' total OPEB liability of \$8,873,052 was measured as of June 30, 2020 and was determined based on an actuarial valuation performed as of July 1, 2020.

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%
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Mortality rates: Pub-2010 Teachers Headcounted – Weighted Mortality Table with projections Scale MP-2019.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016 for the VRS.

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

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 14. Other Post-Employment Benefits – Healthcare (Continued)**Lynchburg City Schools (Continued)****Changes in the Total OPEB Liability**

Balance at June 30, 2019	\$ 11,612,855
Changes for the year:	
Service cost	956,878
Interest	437,213
Differences between expected and actual experience	(4,301,568)
Assumption or other input changes	323,568
Benefit payments	(155,894)
Net changes	(2,739,803)
Balance at June 30, 2020	\$ 8,873,052

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 (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	1.00% Decrease (1.21%)	Current Discount Rate (2.21%)	1.00% Increase (3.21%)
Total OPEB liability	\$ 9,857,961	\$ 8,873,052	\$ 7,997,622

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:

	1.00% Decrease (7.00%)	Current Healthcare Cost Trend Rate (8.00%)	1.00% Increase (9.00%)
Total OPEB liability	\$ 7,740,351	\$ 8,873,052	\$ 10,251,859

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

For the year ended June 30, 2021, the Schools recognized OPEB expense of \$920,323. At June 30, 2021, the political subdivision 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	\$ 1,729,395	\$ 4,460,333
Change in assumptions	591,117	367,853
Employer contributions subsequent to the measurement date	243,252	-
Total	<u>\$ 2,563,764</u>	<u>\$ 4,828,186</u>

The \$243,252 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, 2022. 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,	Increase (Reduction) to OPEB Expense
2022	\$ (473,768)
2023	(473,769)
2024	19,211
2025	(505,531)
2026	(505,533)
Thereafter	(568,284)

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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 OPEB plans, for public employer groups in the Commonwealth of Virginia.

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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$303,246 and \$303,560 for the years ended June 30, 2021 and June 30, 2020, respectively.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

At June 30, 2021, the City reported a liability of \$4,664,064 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the City's proportion was 0.27948% as compared to 0.28214% at June 30, 2019.

For the year ended June 30, 2021, the City recognized GLI OPEB expense of \$145,847. 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, 2021, 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	\$ 299,157	\$ 41,891
Net difference between projected and actual earnings on GLI OPEB program investments	140,104	-
Changes in Actuarial Assumptions	233,257	97,388
Changes in Proportionate Share	-	146,297
Employer contributions subsequent to the measurement date	303,246	-
Total	<u>\$ 975,764</u>	<u>\$ 285,576</u>

\$303,246 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, 2022. 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
2022	\$ 38,238
2023	77,804
2024	117,375
2025	126,655
2026	25,713
Thereafter	1,157

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2019, 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, 2020.

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	5.375 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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, 2020, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	GLI OPEB Program
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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, 2021

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%	4.65%	1.58%
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS - Multi -Asset Public Strategies	6.00	3.04	0.18
PIP- Private Investment Partnership	3.00	6.49	0.19
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected Arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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 7.11%, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

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, 2020, 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.

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CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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	\$ 6,131,270	\$ 4,664,064	\$ 3,472,555

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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://varetire.org/pdf/publications/2020-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, 2021 the City reported a payable of \$201,229 for the outstanding amount of contributions to VRS required for the year ended June 30, 2021.

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, 2021

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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$21,229 and \$19,925 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Program from the Schools' Teachers' plan were \$282,835 and \$282,867 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the Schools' General plan reported a liability of \$312,482 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Schools' General plan proportion was 0.01936% as compared to 0.01870% at June 30, 2019.

For the year ended June 30, 2021, the Schools' General plan recognized GLI OPEB expense of \$7,383. 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, 2021, 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	\$ 20,043	\$ 2,807
Net difference between projected and actual earnings on GLI OPEB program investments	9,386	-
Changes in actuarial assumptions	15,628	6,525
Changes in proportion	8,145	22,775
Employer contributions subsequent to the measurement date	21,229	-
Total	<u>\$ 74,431</u>	<u>\$ 32,107</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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)

\$21,229 reported as deferred outflows of resources related to the GLI OPEB resulting from the Schools' 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, 2022. 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
2022	\$ 174
2023	2,825
2024	6,559
2025	8,079
2026	2,922
Thereafter	536

At June 30, 2021, the Schools' Teachers' plan reported a liability of \$4,434,966 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Schools' Teachers plan proportion was 0.27477% as compared to 0.28067% at June 30, 2019.

For the year ended June 30, 2021, the Schools' Teachers' plan recognized GLI OPEB expense of \$86,562. 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, 2021, the Schools' Teachers' 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	\$ 284,462	\$ 39,833
Net difference between projected and actual earnings on GLI OPEB program investments	133,222	-
Changes in actuarial assumptions	221,800	92,605
Changes in proportion	-	344,595
Employer contributions subsequent to the measurement date	282,835	-
Total	<u>\$ 922,319</u>	<u>\$ 477,033</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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)

\$282,835 reported as deferred outflows of resources related to the GLI OPEB resulting from the Schools' 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, 2022. 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
2022	\$ (15,761)
2023	21,861
2024	61,460
2025	85,236
2026	10,335
Thereafter	(680)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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	5.375 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

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, 2021

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, 2020, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	GLI OPEB Program
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
Employers' Net GLI OPEB Liability (Asset)	\$ 1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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%	4.65%	1.58%
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi-Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected Arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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 7.11%, 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. More recent capital market assumptions compiled for the FY 2020 actuarial valuations, provide a median return of 6.81%.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2020, 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>\$ 410,783</u>	<u>\$ 312,482</u>	<u>\$ 232,654</u>
Total GLI OPEB Liability – Teachers	<u>\$ 5,830,104</u>	<u>\$ 4,434,966</u>	<u>\$ 3,301,984</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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 the Schools' General plan and Teachers plan reported payables of \$4,626 and \$62,885, respectively for the outstanding amount of contributions to VRS required for the year ended June 30, 2021.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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>

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, 2021 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, 2019. 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 \$636,257 and \$644,708 for the years ended June 30, 2021 and June 30, 2020, respectively.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 16. Other Post-Employment Benefits – Health Insurance Credit (Continued)**Lynchburg City Schools (Continued)****OPEB Liabilities, OPEB Expense, and Deferred Inflows and Outflows of Resources Related to OPEB**

At June 30, 2020, the Schools reported a liability of \$8,108,304 for its proportionate share of the Net HIC OPEB Liability. The Net HIC OPEB Liability was measured as of June 30, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Schools' proportion was 0.64426% as compared to 0.65486% at June 30, 2019.

For the year ended June 30, 2021, the Schools recognized HIC OPEB expense of \$530,361. 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.

At June 30, 2021, the Schools reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 108,282
Net difference between projected and actual earnings on HIC OPEB program investments	35,932	-
Changes in actuarial assumptions	160,290	44,302
Changes in proportion	-	702,157
Employer contributions subsequent to the measurement date	636,257	-
Total	<u>\$ 832,479</u>	<u>\$ 854,741</u>

\$636,257 reported as deferred outflows of resources related to the HIC OPEB resulting from the Schools' 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,	Increase (Reduction) to OPEB Expense
2022	\$ (133,656)
2023	(130,095)
2024	(131,288)
2025	(118,913)
2026	(87,035)
Thereafter	(57,532)

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

Lynchburg City Schools (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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	5.375 – 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

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 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, 2020, NOL amounts for the HIC Program is as follows (amounts expressed in thousands):

	HIC OPEB Program
Total HIC OPEB Liability	\$ 1,448,676
Plan Fiduciary Net Position	144,160
Employers' Net HIC OPEB Liability (Asset)	<u>\$ 1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	9.95%

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, 2021

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%	4.65%	1.58%
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS – Multi Asset Public Strategies	6.00	3.04	0.18
PIP – Private Investment Partnership	3.00	6.49	0.19
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected Arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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 7.11%, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, 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, 2021

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

Lynchburg City Schools (Continued)

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

The following presents the Schools' proportionate share of the net HIC OPEB liability using the discount rate of 6.75%, as well as what the Schools' 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%)
Total HIC OPEB Liability	<u>\$ 9,076,401</u>	<u>\$ 8,108,304</u>	<u>\$ 7,285,491</u>

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 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-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, 2021 the Schools reported a payable of \$58,975 for the outstanding amount of contributions to VRS required for the year ended June 30, 2021.

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. 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.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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)

Membership

The number of participants as of the most recent valuation, January 1, 2020, was as follows:

Actives	340
Disabled Participants/Dependents	<u>24</u>
Total Participants	<u>364</u>

Total OPEB Liability

The City's total OPEB liability of \$7,777,720 was measured as of June 30, 2021, and was determined by an actuarial valuation as of January 1, 2020.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, 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	2021
Service Cost	\$ 228,263
Interest	176,727
Changes in assumptions	532,826
Benefit payments	<u>(288,639)</u>
Net Change in Total OPEB Liability	649,177
Total OPEB Liability – Beginning of Year	<u>7,128,543</u>
Total OPEB Liability – End of Year	<u>\$ 7,777,720</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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 Discount Rate**

The following presents the net OPEB liability of the plans, calculated using the discount rate of 1.92%, 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 (0.92%)	Current Discount Rate (1.92%)	1.00% Increase (2.92%)
Total OPEB Liability	\$ 9,002,976	\$ 7,777,720	\$ 6,803,006
Net OPEB Liability	\$ 9,002,976	\$ 7,777,720	\$ 6,803,006
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	\$ 6,727,207	\$ 7,777,720	\$ 9,093,928
Net OPEB Liability	\$ 6,727,207	\$ 7,777,720	\$ 9,093,928
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, 2021

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$346,880. At June 30, 2021, 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	\$ -	\$ 2,570,772
Change in actuarial assumptions	1,796,535	-
Total	<u>\$ 1,796,535</u>	<u>\$ 2,570,772</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)
2022	\$ (58,110)
2023	(58,110)
2024	(58,110)
2025	(58,109)
2026	(148,769)
After 2026	(393,029)
Total Amount to be Recognized	<u>\$ (774,237)</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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	\$ 265,553	\$ 37,693	\$ 303,246
OPEB Diff between expected and actual experience			
Group life insurance	261,971	37,186	299,157
OPEB Diff between projected and actual investment earnings			
Group life insurance	122,689	17,415	140,104
OPEB Changes of assumptions			
Group life insurance	204,264	28,993	233,257
Health	6,589,887	932,816	7,522,703
Line of Duty	1,796,535	-	1,796,535
Total deferred outflow of resources - OPEB	<u>\$ 9,240,899</u>	<u>\$ 1,054,103</u>	<u>\$ 10,295,002</u>
Net OPEB liability			
Group life insurance	\$ 4,084,321	\$ 579,743	\$ 4,664,064
Health - Local plan	43,361,393	6,137,914	49,499,307
Line of Duty	7,777,720	-	7,777,720
Total net OPEB liability	<u>\$ 55,223,434</u>	<u>\$ 6,717,657</u>	<u>\$ 61,941,091</u>
Deferred inflows of resources - OPEB			
Difference between expected and actual experience			
Group life insurance	\$ 36,684	\$ 5,207	\$ 41,891
Health - Local plan	34,309,366	4,856,576	39,165,942
Line of Duty	2,570,772	-	2,570,772
Change of assumptions			
Group life insurance	85,283	12,105	97,388
Health - Local plan	261,824	37,062	298,886
Change in proportionate share			
Group life insurance	128,112	18,185	146,297
Total deferred inflow of resources - OPEB	<u>\$ 37,392,041</u>	<u>\$ 4,929,135</u>	<u>\$ 42,321,176</u>
OPEB expense			
Health - Local plan	\$ (4,703,940)	\$ (665,854)	\$ (5,369,794)
VRS GLI	127,718	18,129	145,847
Line of Duty	346,880	-	346,880
Total OPEB expense	<u>\$ (4,229,342)</u>	<u>\$ (647,725)</u>	<u>\$ (4,877,067)</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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	\$ 1,729,395
GLI – general employees	20,043
GLI – teachers	284,462
Changes in assumptions	
Local OPEB	591,117
GLI – general employees	15,628
GLI – teachers	221,800
HIC – teachers	160,290
Net difference between projected and actual earnings	
GLI – general employees	9,386
GLI – teachers	133,222
HIC – teachers	35,932
Changes in proportion and related differences – cost sharing plans	
GLI – general employees	8,145
OPEB contributions subsequent to measurement date	
Local OPEB	243,252
GLI – general employees	21,229
GLI – teachers	282,835
HIC – teachers	636,257
	<u>\$ 4,392,993</u>
Net OPEB liability:	
Local OPEB	\$ 8,873,052
GLI – general employees	312,482
GLI – teachers	4,434,966
HIC – teachers	8,108,304
	<u>\$ 21,728,804</u>
Deferred inflows of resources:	
Difference between expected and actual experience	
Local OPEB	\$ 4,460,333
GLI – general employees	2,807
GLI – teachers	39,833
HIC – teachers	108,282
Changes in assumptions	
Local OPEB	367,853
GLI – general employees	6,525
GLI – teachers	92,605
HIC – teachers	44,302

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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

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

	Component Unit School Board
Deferred inflows of resources: (Continued)	
Changes in proportion and related differences – cost sharing plans	
GLI – general employees	\$ 22,775
GLI – teachers	344,595
HIC – teachers	702,157
	<u>\$ 6,192,067</u>
Net OPEB expense	
Local OPEB	\$ 920,323
GLI – general employees	7,383
GLI – teachers	86,562
HIC – teachers	530,361
	<u>\$ 1,544,629</u>

Note 19. Leases

Lessee:

Operating leases have original terms from one month to 120 months and in certain instances allow cancellations if funds are not appropriated for each year’s payments. At June 30, future minimum lease payments are as follows:

Year Ending June 30	Operating Leases	
	Primary Government	Component Unit – Schools
2022	\$ 221,317	\$ 333,957
2023	123,093	229,752
2024	76,114	186,663
2025	68,666	132,718
2026	66,768	41,074
2027-2031	323,300	-
	<u>\$ 879,258</u>	<u>\$ 924,164</u>

For 2021, the City incurred rental expenditures of \$587,741 and the Schools incurred rental expenditures of \$637,530.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2021 amounted to \$1,478,398.

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 \$436 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 States Self Insurance Risk Group. Total premiums for purchased coverage for the year ended June 30 were \$839,307. 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 \$300,000 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 \$1,062,287.

Changes in aggregate liabilities were as follows:

			Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Workers' Compensation	2021	\$	2,953,015	\$ 1,200,195	\$ 1,478,398	\$ 2,674,812
	2020	\$	3,458,821	\$ 791,261	\$ 1,297,067	\$ 2,953,015
General/Automotive Liability	2021	\$	-	\$ 329,310	\$ 329,310	\$ -
	2020	\$	-	\$ 837,667	\$ 837,667	\$ -
Healthcare	2021	\$	688,000	\$ 11,833,002	\$ 12,021,002	\$ 500,000
	2020	\$	1,580,336	\$ 12,979,932	\$ 13,872,268	\$ 688,000

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.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 20. Risk Management (Continued)

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 \$350,000 per covered individual per contract year. Total claims expense of \$11,668,069 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 \$1,151,358. Estimated incurred, but not reported, claims at June 30 based on prior experience totaled \$1,058,126 and have been recorded as a liability by the Schools.

Changes in aggregate liabilities were as follows:

		Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Healthcare	2021	\$ 1,464,221	\$ 11,668,069	\$ 12,074,164	\$ 1,058,126
	2020	\$ 1,471,621	\$ 10,658,559	\$ 10,665,959	\$ 1,464,221

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)	\$ 115,293,810
Principal and other debt service expenses included in City	<u>9,137,422</u>
Total expenses/expenditures for School activities	<u>\$ 124,431,232</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

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, 2021, the revised program has an estimated remaining cost \$50 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 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. 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.

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, 2021.

Arbitrage:

The City has certain debt instruments subject to arbitrage regulations. As of June 30, 2021, the arbitrage rebate liability estimate was zero.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 22. Commitments and Contingencies (Continued)

Encumbrance Commitments:

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

MAJOR FUNDS

General Fund	\$ 4,436,750
City Capital Projects Fund	20,480,437
School Capital Projects	2,092,172
Total Major Funds	27,009,359

NONMAJOR FUNDS

City Federal State Aid	596,420
Lynchburg Regional Juvenile Detention Center	12,884
Total Nonmajor Funds	609,304

TOTAL ENCUMBRANCES	\$ 27,618,663
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Construction Commitments:

Included in the encumbrances above are construction commitments of \$20,480,437 in the City Capital Projects Fund and \$2,092,172 in the School Capital Projects Fund. The City also had construction commitments of \$2,225,306 in the Water Fund; \$5,347,414 in the Sewer Fund; \$455,444 in the Stormwater Fund; and \$129,705 in the Airport Fund as of June 30, 2021.

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 FY2021 were \$297,467.

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.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 23. Tax Abatements (Continued)

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 ten years for any completed approved rehabilitation/renovation during the preceding fiscal year. Currently, the total active real estate rehabilitation credits are \$125,982,901 on a total of 331 parcels equating to \$1,398,410 in real estate tax.

Note 24. Adoption of New Standard and Prior Period Restatement

In the current year the City and Schools adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities.

The following is a summary of the restatements to fund balance and net position, as applicable, resulting from the adoption of GASB Statement No. 84:

	<u>School Activities</u>	<u>School Governmental Activities</u>
Fund balance / Net position July 1, 2020, as previously reported	\$ -	\$ (92,645,095)
Recognition of Fiduciary Activities in accordance with GASB No. 84	<u>1,037,332</u>	<u>1,037,332</u>
	<u>\$ 1,037,332</u>	<u>\$ (91,607,763)</u>

The City previously presented the special welfare fund as an agency fund. The relationship between the City and the special welfare fund has not changed, however, under GASB 84, this fund is presented as a custodial fund. In addition, the liability presented previously as "Amounts Held for Others" is restated as beginning net position.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 25. COVID-19 Impact

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The City’s operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases and other areas in which the City received revenue during fiscal year 2021. As such, our financial condition and liquidity may be negatively impacted for the fiscal year 2022.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the City’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Note 26. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In June 2017, The GASB issued **Statement No. 87, *Leases***. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92, *Omnibus***. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates***. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2021

Note 26. New Accounting Standards (Continued)

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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, 2021

	Plan Year						
	2014	2015	2016	2017	2018	2019	2020
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
Interest on total pension liability	22,279,728	22,979,376	23,599,711	24,063,948	24,449,704	25,140,219	25,463,242
Difference between expected and actual experience	-	(1,322,839)	(3,091,281)	(5,899,588)	120,722	(2,629,680)	(1,859,042)
Changes in assumptions	-	-	-	2,149,134	-	10,427,997	-
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)
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
Total pension liability - beginning	<u>327,454,876</u>	<u>337,591,843</u>	<u>346,967,878</u>	<u>354,164,051</u>	<u>360,123,392</u>	<u>369,664,861</u>	<u>388,191,364</u>
Total pension liability - ending	<u>337,591,843</u>	<u>346,967,878</u>	<u>354,164,051</u>	<u>360,123,392</u>	<u>369,664,861</u>	<u>388,191,364</u>	<u>396,865,496</u>
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
Contributions - employee	2,545,602	2,623,103	2,647,107	2,766,837	2,676,472	2,655,886	2,783,330
Net investment income	32,917,551	10,830,296	4,079,524	28,939,509	19,156,055	17,849,423	5,343,056
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)
Administrative expenses	(180,075)	(151,038)	(152,831)	(171,345)	(169,088)	(180,734)	(184,881)
Other	1,737	(2,273)	(1,774)	(25,640)	(16,908)	(11,250)	(7,513)
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)
Plan fiduciary net position - beginning	<u>211,183,720</u>	<u>238,604,898</u>	<u>243,915,385</u>	<u>241,717,967</u>	<u>262,361,583</u>	<u>272,407,413</u>	<u>281,833,408</u>
Plan fiduciary net position - ending	<u>238,604,898</u>	<u>243,915,385</u>	<u>241,717,967</u>	<u>262,361,583</u>	<u>272,407,413</u>	<u>281,833,408</u>	<u>278,361,474</u>
Net pension liability - ending	<u>\$ 98,986,945</u>	<u>\$ 103,052,493</u>	<u>\$ 112,446,084</u>	<u>\$ 97,761,809</u>	<u>\$ 97,257,448</u>	<u>\$ 106,357,956</u>	<u>\$ 118,504,022</u>
Plan fiduciary net position as a percentage of total pension liability	71%	70%	68%	73%	74%	73%	70%
Covered payroll	<u>\$ 49,759,064</u>	<u>\$ 50,441,350</u>	<u>\$ 51,326,626</u>	<u>\$ 52,930,961</u>	<u>\$ 54,235,867</u>	<u>\$ 54,656,679</u>	<u>\$ 56,091,908</u>
Net pension liability as a percentage of covered payroll	199%	204%	219%	185%	179%	195%	211%

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 seven 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, 2021

	Plan Year						
	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service cost	\$ 408,027	\$ 408,652	\$ 390,047	\$ 388,263	\$ 369,905	\$ 363,374	\$ 386,485
Interest on total pension liability	935,168	975,621	1,013,096	1,012,802	1,013,987	1,047,533	1,048,986
Difference between expected and actual experience	-	(47,318)	(601,120)	(438,840)	(45,578)	(326,795)	486,898
Changes in assumptions	-	-	-	(126,476)	-	397,376	-
Benefit payments, including refunds of employee contributions	(736,082)	(794,492)	(808,719)	(803,718)	(833,932)	(884,234)	(927,192)
Net change in total pension liability	607,113	542,463	(6,696)	32,031	504,382	597,254	995,177
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
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
Plan Fiduciary Net Position							
Contributions - employer	382,008	327,719	332,290	228,134	229,132	179,891	192,366
Contributions - employee	192,487	183,717	185,375	182,067	183,766	174,448	188,186
Net investment income	1,844,193	609,217	236,379	1,651,561	1,096,860	1,024,271	306,074
Benefit payments, including refunds of employee contributions	(736,082)	(794,492)	(808,719)	(803,718)	(833,932)	(884,234)	(927,192)
Administrative expenses	(9,987)	(8,505)	(8,626)	(9,732)	(9,621)	(10,452)	(10,658)
Other	98	(127)	(101)	(1,460)	(969)	(642)	(357)
Net change in plan fiduciary net position	1,672,717	317,529	(63,402)	1,246,852	665,236	483,282	(251,581)
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
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
Net pension liability - ending	\$ 891,981	\$ 1,116,915	\$ 1,173,621	\$ (41,200)	\$ (202,054)	\$ (88,082)	\$ 1,158,676
Plan fiduciary net position as a percentage of total pension liability	94%	92%	92%	100%	101%	101%	93%
Covered payroll	\$ 3,851,034	\$ 3,727,782	\$ 3,613,671	\$ 3,593,865	\$ 3,654,690	\$ 3,837,637	\$ 3,971,969
Net pension liability as a percentage of covered payroll	23%	30%	32%	-1%	-6%	-2%	29%

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, 2021

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					
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					
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 seven 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 Pension Liability****VRS Teacher Retirement Plan****For the Year Ended June 30, 2021**

School Division	Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	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 seven 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, 2021

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
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 seven 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, 2021

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Total OPEB Liability				
Service cost	\$ 350,020	\$ 360,521	\$ 371,336	\$ 356,717
Interest on OPEB liability	3,559,674	2,771,030	2,600,222	1,148,518
Difference between expected and actual experience	(24,181,307)	-	(38,403,363)	-
Changes in assumptions	(697,398)	5,999,406	2,100,461	2,879,001
Benefit payments, including refunds of member contributions	(2,632,827)	(2,333,984)	(2,898,368)	(2,796,080)
Net change in total OPEB liability	(23,601,838)	6,796,973	(36,229,712)	1,588,156
Total OPEB liability - beginning	<u>100,945,728</u>	<u>77,343,890</u>	<u>84,140,863</u>	<u>47,911,151</u>
Total OPEB liability - ending	<u>\$ 77,343,890</u>	<u>\$ 84,140,863</u>	<u>\$ 47,911,151</u>	<u>\$ 49,499,307</u>
Covered employee payroll	<u>\$ 55,870,874</u>	<u>\$ 60,897,864</u>	<u>\$ 63,032,343</u>	<u>\$ 64,452,592</u>
Net OPEB liability as a percentage of covered employee payroll	<u>138.4%</u>	<u>138.2%</u>	<u>76.0%</u>	<u>76.8%</u>

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only four 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, 2021

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Total OPEB Liability				
Service cost	\$ 629,101	\$ 523,630	\$ 858,868	\$ 956,878
Interest on OPEB liability	271,525	253,909	424,127	437,213
Difference between expected and actual experience	(2,319,827)	3,458,793	-	(4,301,568)
Changes in assumptions	(638,060)	(310,331)	439,283	323,568
Benefit payments, including refunds of member contributions	(175,271)	(368,838)	(419,802)	(155,894)
Net change in total OPEB liability	(2,232,532)	3,557,163	1,302,476	(2,739,803)
Total OPEB liability - beginning	8,985,748	6,753,216	10,310,379	11,612,855
Total OPEB liability - ending	6,753,216	10,310,379	11,612,855	8,873,052
Covered employee payroll	<u>\$ 61,142,865</u>	<u>\$ 61,045,540</u>	<u>\$ 61,045,540</u>	<u>\$ 66,302,035</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>

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only four 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

Primary Government

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

For the Year Ended June 30, 2021

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Total OPEB Liability				
Service cost	\$ 163,599	\$ 168,507	\$ 173,562	\$ 228,263
Interest on OPEB liability	287,149	294,269	281,173	176,727
Difference between expected and actual experience	-	-	(3,213,464)	-
Changes in assumptions	-	634,614	1,192,943	532,826
Benefit payments, including refunds of member contributions	(250,836)	(267,213)	(228,753)	(288,639)
Net change in total OPEB liability	199,912	830,177	(1,794,539)	649,177
Total OPEB liability - beginning	<u>7,892,993</u>	<u>8,092,905</u>	<u>8,923,082</u>	<u>7,128,543</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>
Covered employee payroll	<u>\$ 18,941,025</u>	<u>\$ 21,770,826</u>	<u>\$ 20,775,959</u>	<u>\$ 21,101,725</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>

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only four 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, 2021**

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					
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 four 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, 2021**

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					
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 four 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, 2021**

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					
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 four 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****For the Year Ended June 30, 2021**

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					
2021	\$ 654,498	\$ 654,498	\$ -	\$ 54,503,956	1.20%
2020	\$ 677,727	\$ 677,727	\$ -	\$ 55,019,401	1.23%
2019	\$ 659,100	\$ 659,100	\$ -	\$ 54,925,031	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 four 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, 2021**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Fiduciary Net Position as a Percentage of the Total OPEB Liability
Primary Government					
2021	0.27948%	\$ 4,664,064	\$ 57,485,897	8.11%	52.64%
2020	0.28214%	\$ 4,591,169	\$ 56,091,908	8.19%	52.00%
2019	0.28865%	\$ 4,384,000	\$ 54,656,679	8.02%	51.22%
2018	0.29164%	\$ 4,388,000	\$ 54,235,867	8.09%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only four 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, 2021**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Fiduciary Net Position as a Percentage of the Total OPEB Liability
Schools General Employees					
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 four 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, 2021**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
School Teachers					
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 four 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, 2021**

Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Employee Payroll	Fiduciary Net Position as a Percentage of the Total OPEB Liability
School Teachers					
2021	0.64426%	\$ 8,404,478	\$ 55,019,401	15.28%	9.95%
2020	0.65486%	\$ 8,573,000	\$ 54,925,031	15.61%	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 four 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, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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 RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service through 9 years of service
- Lowered rates of disability retirement
- No changes to salary rates
- Increased Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service through 9 years of service
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

(Continued)

CITY OF LYNCHBURG, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service through 9 years of service
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

Teacher cost-sharing pool

- Update mortality table to RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each year age and service through 9 years of service
- Update disability rates to better fit experience
- No changes to salary rates
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB, and HIC OPEB

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, 2021

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Children's Services Act
Assets					
Cash and cash equivalents	\$ 84	\$ 1,308,673	\$ 171	\$ 115,592	\$ -
Receivables, net of allowance:					
Other	81,704	1,800	-	-	10,265
Due from other funds	264,755	-	-	-	81,995
Due from other governments	590,985	170,899	-	13,115	993,512
Due from component unit	-	-	125,000	-	-
Other assets	-	-	213	-	-
Restricted assets:					
Cash and cash equivalents	1,563,966	-	-	-	-
Total assets	<u>\$ 2,501,494</u>	<u>\$ 1,481,372</u>	<u>\$ 125,384</u>	<u>\$ 128,707</u>	<u>\$ 1,085,772</u>
Liabilities					
Accounts payable and other liabilities	\$ 340,160	\$ 33,031	\$ -	\$ -	\$ 648,747
Accrued payroll and related liabilities	98,428	5,345	-	-	2,645
Due to other funds	445,833	132,523	-	-	152,570
Due to other governments	39,104	-	-	-	-
Total liabilities	<u>923,525</u>	<u>170,899</u>	<u>-</u>	<u>-</u>	<u>803,962</u>
Deferred Inflows of Resources					
Unavailable revenue	356,305	1,800	-	-	-
Total deferred inflows of resources	<u>356,305</u>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted	1,221,664	1,308,673	-	128,707	281,810
Committed	-	-	125,384	-	-
Total fund balances	<u>1,221,664</u>	<u>1,308,673</u>	<u>125,384</u>	<u>128,707</u>	<u>281,810</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,501,494</u>	<u>\$ 1,481,372</u>	<u>\$ 125,384</u>	<u>\$ 128,707</u>	<u>\$ 1,085,772</u>

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Lynchburg Expressway Appearance	HOME Investment Partnerships Program	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
Assets				
Cash and cash equivalents	\$ 228,193	\$ 3,727	\$ 1,003,612	\$ 2,660,052
Receivables, net of allowance:				
Other	-	-	-	93,769
Due from other funds	-	-	-	346,750
Due from other governments	-	48,744	160,211	1,977,466
Due from component unit	-	-	-	125,000
Other assets	-	-	-	213
Restricted assets:				
Cash and cash equivalents	-	-	-	1,563,966
Total assets	<u>\$ 228,193</u>	<u>\$ 52,471</u>	<u>\$ 1,163,823</u>	<u>\$ 6,767,216</u>
Liabilities				
Accounts payable and other liabilities	\$ 9,532	\$ 16	\$ 15,873	\$ 1,047,359
Accrued payroll and related liabilities	-	1,013	102,365	209,796
Due to other funds	-	47,715	26,661	805,302
Due to other governments	-	-	-	39,104
Unearned revenue/prepaid rent	-	-	817,600	817,600
Total liabilities	<u>9,532</u>	<u>48,744</u>	<u>962,499</u>	<u>2,919,161</u>
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	358,105
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>358,105</u>
Fund Balances				
Restricted	218,661	3,727	201,324	3,364,566
Committed	-	-	-	125,384
Total fund balances	<u>218,661</u>	<u>3,727</u>	<u>201,324</u>	<u>3,489,950</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 228,193</u>	<u>\$ 52,471</u>	<u>\$ 1,163,823</u>	<u>\$ 6,767,216</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Children's Services Act
Revenues					
Intergovernmental	\$ 17,513,881	\$ 939,567	\$ -	\$ 42,973	\$ 5,321,870
Revenue from use of money and property	11,745	-	26,918	207	-
Charges for services	665,994	-	-	-	2,309,397
Miscellaneous	162,474	-	-	-	70,773
Total revenues	<u>18,354,094</u>	<u>939,567</u>	<u>26,918</u>	<u>43,180</u>	<u>7,702,040</u>
Expenditures					
Current operating expenditures:					
General government	1,256,044	-	-	-	-
Judicial	1,214,324	-	-	21,440	-
Public safety	6,948,045	-	-	58,778	-
Public works	675,870	-	-	-	-
Health and human services	1,492,974	-	-	-	7,629,973
Cultural and recreational	395,015	-	-	-	-
Community development	4,068,858	1,083,425	26,918	-	-
Education	2,007,444	-	-	-	-
Debt service:					
Principal retirements	-	-	-	-	-
Interest payments and other fiscal charges	-	-	-	-	-
Issuance costs	-	-	-	-	-
Total expenditures	<u>18,058,574</u>	<u>1,083,425</u>	<u>26,918</u>	<u>80,218</u>	<u>7,629,973</u>
Excess (deficiency) of revenues over expenditures	<u>295,520</u>	<u>(143,858)</u>	<u>-</u>	<u>(37,038)</u>	<u>72,067</u>
Other financing sources (uses)					
Issuance of refunding bonds	-	-	-	-	-
Premium on refunding debt issuance	-	-	-	-	-
Refunded bond principal payments	-	-	-	-	-
Transfers in	402,019	1,838	-	-	1,830
Total other financing sources (uses)	<u>402,019</u>	<u>1,838</u>	<u>-</u>	<u>-</u>	<u>1,830</u>
Net changes in fund balances	697,539	(142,020)	-	(37,038)	73,897
Fund balances - beginning	<u>524,125</u>	<u>1,450,693</u>	<u>125,384</u>	<u>165,745</u>	<u>207,913</u>
Fund balances - ending	<u>\$ 1,221,664</u>	<u>\$ 1,308,673</u>	<u>\$ 125,384</u>	<u>\$ 128,707</u>	<u>\$ 281,810</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Lynchburg Expressway Appearance	HOME Investment Partnerships Program	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
Revenues				
Intergovernmental	\$ -	\$ 191,062	\$ 1,920,281	\$ 25,929,634
Revenue from use of money and property	-	-	-	38,870
Charges for services	-	-	1,191,638	4,167,029
Miscellaneous	105,859	-	1,400	340,506
Total revenues	<u>105,859</u>	<u>191,062</u>	<u>3,113,319</u>	<u>30,476,039</u>
Expenditures				
Current operating expenditures:				
General government	-	-	5,010	1,261,054
Judicial	-	-	-	1,235,764
Public safety	-	-	2,964,227	9,971,050
Public works	33,256	-	-	709,126
Health and human services	-	-	-	9,122,947
Cultural and recreational	-	-	-	395,015
Community development	-	247,996	-	5,427,197
Education	-	-	-	2,007,444
Debt service:				
Principal retirements	-	-	7,875	7,875
Interest payments and other fiscal charges	-	-	2,138	2,138
Issuance costs	-	-	163	163
Total expenditures	<u>33,256</u>	<u>247,996</u>	<u>2,979,413</u>	<u>30,139,773</u>
Excess (deficiency) of revenues over expenditures	<u>72,603</u>	<u>(56,934)</u>	<u>133,906</u>	<u>336,266</u>
Other financing sources (uses)				
Issuance of refunding bonds	-	-	72,625	72,625
Premium on refunding debt issuance	-	-	15,965	15,965
Refunded bond principal payments	-	-	(88,426)	(88,426)
Transfers in	-	275	67,254	473,216
Total other financing sources (uses)	<u>-</u>	<u>275</u>	<u>67,418</u>	<u>473,380</u>
Net changes in fund balance	<u>72,603</u>	<u>(56,659)</u>	<u>201,324</u>	<u>809,646</u>
Fund balances - beginning	<u>146,058</u>	<u>60,386</u>	<u>-</u>	<u>2,680,304</u>
Fund balances - ending	<u>\$ 218,661</u>	<u>\$ 3,727</u>	<u>\$ 201,324</u>	<u>\$ 3,489,950</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City/Federal/State Aid Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 3,094,275	\$ 20,840,251	\$ 17,513,881	\$ (3,326,370)
Revenue from use of money and property	-	(2,363)	11,745	14,108
Charges for services	678,520	684,073	665,994	(18,079)
Miscellaneous	59,248	173,488	162,474	(11,014)
Total revenues	<u>3,832,043</u>	<u>21,695,449</u>	<u>18,354,094</u>	<u>(3,341,355)</u>
Expenditures				
Current operating expenditures:				
General government	-	1,289,215	1,256,044	33,171
Judicial	1,049,198	2,186,238	1,214,324	971,914
Public safety	1,022,626	8,773,083	6,948,045	1,825,038
Public works	-	673,431	675,870	(2,439)
Health and human services	1,692,306	1,775,539	1,492,974	282,565
Cultural and recreational	-	395,063	395,015	48
Community development	215,891	4,950,984	4,068,858	882,126
Education	-	2,007,444	2,007,444	-
Total expenditures	<u>3,980,021</u>	<u>22,050,997</u>	<u>18,058,574</u>	<u>3,992,423</u>
Excess (deficiency) of revenues over expenditures	<u>(147,978)</u>	<u>(355,548)</u>	<u>295,520</u>	<u>651,068</u>
Other financing sources				
Transfers in	147,978	441,018	402,019	(38,999)
Total other financing sources	<u>147,978</u>	<u>441,018</u>	<u>402,019</u>	<u>(38,999)</u>
Net changes in fund balance	-	85,470	697,539	612,069
Fund balance - beginning	<u>524,125</u>	<u>524,125</u>	<u>524,125</u>	<u>-</u>
Fund balance - ending	<u>\$ 524,125</u>	<u>\$ 609,595</u>	<u>\$ 1,221,664</u>	<u>\$ 612,069</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 714,865	\$ 2,433,479	\$ 939,567	\$ (1,493,912)
Total revenues	<u>714,865</u>	<u>2,433,479</u>	<u>939,567</u>	<u>(1,493,912)</u>
Expenditures				
Current operating expenditures:				
Community development	714,865	2,329,053	1,083,425	1,245,628
Total expenditures	<u>714,865</u>	<u>2,329,053</u>	<u>1,083,425</u>	<u>1,245,628</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>104,426</u>	<u>(143,858)</u>	<u>(248,284)</u>
Other financing sources				
Transfers in	-	1,838	1,838	-
Total other financing sources	<u>-</u>	<u>1,838</u>	<u>1,838</u>	<u>-</u>
Net changes in fund balance	<u>-</u>	<u>106,264</u>	<u>(142,020)</u>	<u>(248,284)</u>
Fund balance - beginning	<u>1,450,693</u>	<u>1,450,693</u>	<u>1,450,693</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,450,693</u>	<u>\$ 1,556,957</u>	<u>\$ 1,308,673</u>	<u>\$ (248,284)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Forfeited Assets Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 42,973	\$ 42,973
Revenue from use of money and property	-	-	207	207
Total revenues	-	-	43,180	43,180
Expenditures				
Current operating expenditures:				
Judicial	-	101,336	21,440	79,896
Public safety	-	81,032	58,778	22,254
Total expenditures	-	182,368	80,218	102,150
Net changes in fund balance	-	(182,368)	(37,038)	145,330
Fund balance - beginning	165,745	165,745	165,745	-
Fund balance (deficit) - ending	<u>\$ 165,745</u>	<u>\$ (16,623)</u>	<u>\$ 128,707</u>	<u>\$ 145,330</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Children's Services Act Fund
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 3,910,234	\$ 5,156,279	\$ 5,321,870	\$ 165,591
Charges for services	2,040,188	2,309,143	2,309,397	254
Miscellaneous	48,600	48,600	70,773	22,173
Total revenues	<u>5,999,022</u>	<u>7,514,022</u>	<u>7,702,040</u>	<u>188,018</u>
Expenditures				
Current operating expenditures:				
Health and human services	5,999,022	7,715,852	7,629,973	85,879
Total expenditures	<u>5,999,022</u>	<u>7,715,852</u>	<u>7,629,973</u>	<u>85,879</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(201,830)</u>	<u>72,067</u>	<u>273,897</u>
Other financing sources				
Transfers in	-	1,830	1,830	-
Total other financing sources	<u>-</u>	<u>1,830</u>	<u>1,830</u>	<u>-</u>
Net changes in fund balance	<u>-</u>	<u>(200,000)</u>	<u>73,897</u>	<u>273,897</u>
Fund balance - beginning	<u>207,913</u>	<u>207,913</u>	<u>207,913</u>	<u>-</u>
Fund balance - ending	<u>\$ 207,913</u>	<u>\$ 7,913</u>	<u>\$ 281,810</u>	<u>\$ 273,897</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Lynchburg Expressway Appearance Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 105,859	\$ 105,859
Total revenues	-	-	105,859	105,859
Expenditures				
Current operating expenditures:				
Public works	75,000	75,000	33,256	41,744
Total expenditures	75,000	75,000	33,256	41,744
Net changes in fund balance	(75,000)	(75,000)	72,603	147,603
Fund balance - beginning	146,058	146,058	146,058	-
Fund balance - ending	<u>\$ 71,058</u>	<u>\$ 71,058</u>	<u>\$ 218,661</u>	<u>\$ 147,603</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HOME Investment Partnerships Program Fund
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 424,288	\$ 1,198,562	\$ 191,062	\$ (1,007,500)
Charges for Services	-	(18,719)	-	18,719
Miscellaneous	-	(27,364)	-	27,364
Total revenues	<u>424,288</u>	<u>1,152,479</u>	<u>191,062</u>	<u>(961,417)</u>
Expenditures				
Current operating expenditures:				
Community development	424,288	1,245,059	247,996	997,063
Total expenditures	<u>424,288</u>	<u>1,245,059</u>	<u>247,996</u>	<u>997,063</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(92,580)</u>	<u>(56,934)</u>	<u>35,646</u>
Other financing sources				
Transfers in	-	275	275	-
Total other financing sources	<u>-</u>	<u>275</u>	<u>275</u>	<u>-</u>
Net changes in fund balance	-	(92,305)	(56,659)	35,646
Fund balance - beginning	<u>60,386</u>	<u>60,386</u>	<u>60,386</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ 60,386</u>	<u>\$ (31,919)</u>	<u>\$ 3,727</u>	<u>\$ 35,646</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,965,936	\$ 1,965,936	\$ 1,920,281	\$ (45,655)
Charges for services	1,105,125	1,105,125	1,191,638	86,513
Miscellaneous	-	-	1,400	1,400
Total revenues	<u>3,071,061</u>	<u>3,071,061</u>	<u>3,113,319</u>	<u>42,258</u>
Expenditures				
Current operating expenditures:				
General government	5,160	5,010	5,010	-
Public safety	3,055,094	3,118,013	2,964,227	153,786
Debt service:				
Principal retirements	8,575	8,575	7,875	700
Interest payments and other fiscal charges	2,232	2,232	2,138	94
Issuance costs	-	163	163	-
Total expenditures	<u>3,071,061</u>	<u>3,133,993</u>	<u>2,979,413</u>	<u>154,580</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(62,932)</u>	<u>133,906</u>	<u>196,838</u>
Other financing sources (uses)				
Issuance of refunding bonds	-	72,625	72,625	-
Premium on refunding bonds	-	15,965	15,965	-
Refunded bond principal payments	-	(88,426)	(88,426)	-
Transfers in	-	67,254	67,254	-
Total other financing sources (uses)	<u>-</u>	<u>67,418</u>	<u>67,418</u>	<u>-</u>
Net changes in fund balance	<u>-</u>	<u>4,486</u>	<u>201,324</u>	<u>196,838</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 4,486</u>	<u>\$ 201,324</u>	<u>\$ 196,838</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 6,823,668	\$ 28,358,075	\$ 7,392,895	\$ (20,965,180)
Revenue from use of money and property	-	20,437	15,111	(5,326)
Miscellaneous	-	419,487	150,591	(268,896)
Total revenues	<u>6,823,668</u>	<u>28,797,999</u>	<u>7,558,597</u>	<u>(21,239,402)</u>
Expenditures				
Current operating expenditures:				
Public works	5,682,362	8,269,890	3,467,230	4,802,660
Cultural and recreational	712,000	1,141,417	523,509	617,908
Community development	-	1,590,109	173,348	1,416,761
Capital outlay:				
Capital general government	8,051,608	73,175,294	18,917,401	54,257,893
Total expenditures	<u>14,445,970</u>	<u>84,176,710</u>	<u>23,081,488</u>	<u>61,095,222</u>
Deficiency of revenues over expenditures	<u>(7,622,302)</u>	<u>(55,378,711)</u>	<u>(15,522,891)</u>	<u>39,855,820</u>
Other financing sources				
Issuance of bonds	2,988,000	29,523,930	-	(29,523,930)
Transfers in	4,634,302	4,634,302	4,634,302	-
Transfers out	-	(175,000)	(175,000)	-
Total other financing sources	<u>7,622,302</u>	<u>33,983,232</u>	<u>4,459,302</u>	<u>(29,523,930)</u>
Net changes in fund balance	-	(21,395,479)	(11,063,589)	10,331,890
Fund balance - beginning	<u>42,127,342</u>	<u>42,127,342</u>	<u>42,127,342</u>	<u>-</u>
Fund balance - ending	<u>\$ 42,127,342</u>	<u>\$ 20,731,863</u>	<u>\$ 31,063,753</u>	<u>\$ 10,331,890</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
School Capital Projects
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ -	\$ 317,000	\$ -	\$ (317,000)
Revenue from use of money and property	-	-	30,725	30,725
Miscellaneous	-	-	10,559	10,559
Total revenues	<u>-</u>	<u>317,000</u>	<u>41,284</u>	<u>(275,716)</u>
Expenditures				
Current operating expenditures:				
Education	-	444,341	142,969	301,372
Capital outlay:				
Capital general government	3,053,086	8,532,618	3,443,692	5,088,926
Total expenditures	<u>3,053,086</u>	<u>8,976,959</u>	<u>3,586,661</u>	<u>5,390,298</u>
Deficiency of revenues over expenditures	<u>(3,053,086)</u>	<u>(8,659,959)</u>	<u>(3,545,377)</u>	<u>5,114,582</u>
Other financing sources				
Issuance of bonds	1,780,000	5,474,681	2,330,131	(3,144,550)
Transfers in	1,273,086	2,183,167	2,183,167	-
Total other financing sources	<u>3,053,086</u>	<u>7,657,848</u>	<u>4,513,298</u>	<u>(3,144,550)</u>
Net changes in fund balance	-	(1,002,111)	967,921	1,970,032
Fund balance - beginning	<u>3,278,392</u>	<u>3,278,392</u>	<u>3,278,392</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,278,392</u>	<u>\$ 2,276,281</u>	<u>\$ 4,246,313</u>	<u>\$ 1,970,032</u>

Discretely Presented Component Unit - Lynchburg City Schools
Combining Balance Sheet
June 30, 2021

	School Operating	School Federal Aid	School Cafeteria	School Activities	Total Governmental
Assets					
Cash and cash equivalents	\$ 3,050,091	\$ -	\$ 897,450	\$ 867,936	\$ 4,815,477
Receivables, net of allowance	131,437	-	680,561	-	811,998
Due from other funds	728,036	-	33,078	-	761,114
Due from other governments	2,402,504	2,172,178	-	-	4,574,682
Due from primary government- local funding	5,721,379	-	-	-	5,721,379
Prepaid expenses	601,368	-	-	-	601,368
Inventory	-	-	137,876	-	137,876
Total assets	\$ 12,634,815	\$ 2,172,178	\$ 1,748,965	\$ 867,936	\$ 17,423,894
Liabilities					
Accounts payable and other liabilities	\$ 1,194,742	\$ 24,838	\$ 6,752	\$ -	\$ 1,226,332
Accrued payroll and related liabilities	5,566,063	1,053,119	179,664	-	6,798,846
Due to other funds	-	756,740	4,374	-	761,114
Unearned revenue	-	337,481	-	-	337,481
Due to primary government- return of local funding	2,347,404	-	-	-	2,347,404
Due to primary government- other	76,065	-	-	-	76,065
Total liabilities	9,184,274	2,172,178	190,790	-	11,547,242
Deferred Inflows of Resources					
Unavailable revenue	989,470	-	-	-	989,470
Total deferred inflows of resources	989,470	-	-	-	989,470
Fund balances					
Nonspendable:					
Prepaid expenses	601,368	-	-	-	601,368
Inventory	-	-	137,876	-	137,876
Restricted for:					
Education	-	-	1,420,299	-	1,420,299
Committed for:					
Education	1,859,703	-	-	-	1,859,703
Assigned for:					
Education	-	-	-	867,936	867,936
Total fund balances	2,461,071	-	1,558,175	867,936	4,887,182
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,634,815	\$ 2,172,178	\$ 1,748,965	\$ 867,936	

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.	8,189,774
Receivables on the Statement of Net Position that do not provide current financial resources are reported as unavailable revenue in the funds.	989,470
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to:	
Pensions	22,502,446
Other postemployment benefits	4,392,993
Deferred inflows related to:	
Pensions	(11,411,608)
Other postemployment benefits	(6,192,067)
Net pension liability	(90,852,949)
Other postemployment benefits	(21,728,804)
	(103,289,989)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,110,590)
Net position of governmental activities	\$ (90,334,153)

Discretely Presented Component Unit - Lynchburg City Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021

	<u>School Operating</u>	<u>School Federal Aid</u>	<u>School Cafeteria</u>	<u>School Activities</u>	<u>Total Governmental</u>
Revenues					
Intergovernmental:					
State and Federal	\$ 57,921,309	\$ 10,701,176	\$ 4,122,863	\$ -	\$ 72,745,348
City of Lynchburg	42,010,103	-	-	-	42,010,103
Charges for services	464,205	-	14,095	561,015	1,039,315
Miscellaneous	321,090	33,174	65,300	-	419,564
Total revenues	<u>100,716,707</u>	<u>10,734,350</u>	<u>4,202,258</u>	<u>561,015</u>	<u>116,214,330</u>
Expenditures					
Education:					
Instruction	68,140,244	7,674,035	-	-	75,814,279
Administration, attendance and health	7,208,116	226,880	-	-	7,434,996
Pupil transportation services	4,302,460	69,728	-	-	4,372,188
Operations and maintenance	10,945,726	501,399	-	-	11,447,125
Food services and other non-instructional operations	30,194	162,674	4,549,642	730,411	5,472,921
Facilities	175	-	-	-	175
Technology	6,280,494	1,172,344	-	-	7,452,838
Capital outlay	2,740,740	854,330	49,873	-	3,644,943
Total expenditures	<u>99,648,149</u>	<u>10,661,390</u>	<u>4,599,515</u>	<u>730,411</u>	<u>115,639,465</u>
Excess (deficiency) of revenues over expenditures	<u>1,068,558</u>	<u>72,960</u>	<u>(397,257)</u>	<u>(169,396)</u>	<u>574,865</u>
Other financing sources (uses)					
Transfers in	-	-	302,714	-	302,714
Transfers out	(229,754)	(72,960)	-	-	(302,714)
Total other financing sources (uses)	<u>(229,754)</u>	<u>(72,960)</u>	<u>302,714</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	838,804	-	(94,543)	(169,396)	574,865
Fund balances - beginning, as restated	<u>1,622,267</u>	<u>-</u>	<u>1,652,718</u>	<u>1,037,332</u>	
Fund balances - ending	<u>\$ 2,461,071</u>	<u>\$ -</u>	<u>\$ 1,558,175</u>	<u>\$ 867,936</u>	

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 (\$3,034,828) exceeded depreciation expense (\$1,579,352).	1,455,476
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	8,535,652
Pension expense	(9,126,740)
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	1,183,573
Other postemployment expense	(1,718,346)
Compensated absences are not due and payable at June 30, and therefore are not reported in the fund statements.	16,040
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	353,090
Change in net position of governmental activities.	<u>\$ 1,273,610</u>

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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
State and Federal	\$ 56,911,193	\$ 56,911,193	\$ 57,921,309	\$ 1,010,116
City of Lynchburg	39,828,498	42,350,062	44,357,507	2,007,445
Charges for services	811,000	811,000	464,205	(346,795)
Miscellaneous	557,500	1,814,515	321,090	(1,493,425)
Total revenues	98,108,191	101,886,770	103,064,111	1,177,341
Expenditures				
Education:				
Instruction	70,097,376	70,457,673	68,140,244	2,317,429
Administration, attendance and health	6,636,271	7,004,755	7,208,116	(203,361)
Pupil transportation services	5,485,002	4,363,888	4,302,460	61,428
Operations and maintenance	10,813,626	10,926,536	10,945,726	(19,190)
Food service and other	15,720	16,159	30,194	(14,035)
Facilities	18,890	3,890	175	3,715
Technology	4,138,953	5,147,938	6,280,494	(1,132,556)
Capital outlay	902,353	3,882,111	2,740,740	1,141,371
Total expenditures	98,108,191	101,802,950	99,648,149	2,154,801
Excess of revenues over expenditures	-	83,820	3,415,962	3,332,142
Other financing uses				
Transfer out	-	(83,820)	(229,754)	(145,934)
Total other financing uses	-	(83,820)	(229,754)	(145,934)
Net changes in fund balances	\$ -	\$ -	3,186,208	\$ 3,186,208
Less return of funds to the City			(2,347,404)	
			\$ 838,804	

Discretely Presented Component Unit - Lynchburg City Schools
Statement of Fiduciary Net Position
For the Year Ended June 30, 2021

	<u>Total Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 916,685
Receivables, net of allowance	42,966
Prepaid expenses	<u>7,379</u>
Total assets	<u><u>967,030</u></u>
Liabilities	
Accounts payable and other liabilities	125,529
Accrued payroll and related liabilities	41,931
Unearned revenue	<u>123,900</u>
Total liabilities	<u><u>291,360</u></u>
Net Position	
Restricted for individuals and organizations	<u>675,670</u>
Total net position	<u><u>\$ 675,670</u></u>

Discretely Presented Component Unit - Lynchburg City Schools
Combining Statement of Fiduciary Net Position
June 30, 2021

	<u>Governor's School</u>	<u>STEM</u>	<u>Step with Links</u>	<u>GLCT- Step with Links</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 396,833	\$ 169,510	\$ 68,099	\$ 282,243	\$ 916,685
Receivables, net of allowance	42,966	-	-	-	42,966
Prepaid expenses	7,379	-	-	-	7,379
Total assets	<u>447,178</u>	<u>169,510</u>	<u>68,099</u>	<u>282,243</u>	<u>967,030</u>
Liabilities					
Accounts payable and other liabilities	125,048	448	33	-	125,529
Accrued payroll and related liabilities	40,421	1,510	-	-	41,931
Unearned revenue	-	123,900	-	-	123,900
Total liabilities	<u>165,469</u>	<u>125,858</u>	<u>33</u>	<u>-</u>	<u>291,360</u>
Net Position					
Restricted for individuals and organizations	281,709	43,652	68,066	282,243	675,670
Total net position	<u>\$ 281,709</u>	<u>\$ 43,652</u>	<u>\$ 68,066</u>	<u>\$ 282,243</u>	<u>\$ 675,670</u>

Discretely Presented Component Unit - Lynchburg City Schools
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	Governor's School	STEM	Step with Links	GLCT- Step with Links	Total
Additions					
Contributions:					
Donations	\$ -	\$ 5,170	\$ 20,466	\$ -	\$ 25,636
Tuition	748,134	318,600	-	-	1,066,734
Other fees	-	8,083	-	-	8,083
Intergovernmental- state and federal	491,006	-	-	-	491,006
Investment earnings:					
Interest and capital gains	-	-	-	61,405	61,405
Total additions	<u>1,239,140</u>	<u>331,853</u>	<u>20,466</u>	<u>61,405</u>	<u>1,652,864</u>
Deductions					
Investment expenses	-	-	-	3,616	3,616
Instruction	1,059,377	313,200	3,246	-	1,375,823
Operations and maintenance	93,335	-	-	-	93,335
Technology	4,378	-	-	-	4,378
Capital outlay	140,500	-	1,354	-	141,854
Total deductions	<u>1,297,590</u>	<u>313,200</u>	<u>4,600</u>	<u>3,616</u>	<u>1,619,006</u>
Net increase (decrease) in fiduciary net position	<u>(58,450)</u>	<u>18,653</u>	<u>15,866</u>	<u>57,789</u>	<u>33,858</u>
Net position - beginning	<u>340,159</u>	<u>24,999</u>	<u>52,200</u>	<u>224,454</u>	<u>641,812</u>
Net position - ending	<u>\$ 281,709</u>	<u>\$ 43,652</u>	<u>\$ 68,066</u>	<u>\$ 282,243</u>	<u>\$ 675,670</u>

Combining Statement of Net Position
Other Component Units
June 30, 2021

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,090,716	\$ 640,629	\$ 1,731,345
Receivables, net of allowance	931,967	31,569	963,536
Due from other governments	-	402,515	402,515
Inventory	-	308,182	308,182
Prepays and other assets	439	302,384	302,823
Capital assets:			
Nondepreciable	-	1,669,530	1,669,530
Depreciable, net	-	33,884,897	33,884,897
Total assets	<u>2,023,122</u>	<u>37,239,706</u>	<u>39,262,828</u>
Deferred Outflows of Resources			
Deferred outflows related to other postemployment benefits	-	15,680	15,680
Total deferred inflows of resources	<u>-</u>	<u>15,680</u>	<u>15,680</u>
Liabilities			
Current liabilities:			
Accounts payable and other liabilities	77,306	388,648	465,954
Due to other governments	1,271,060	-	1,271,060
Due to primary government	125,000	625,319	750,319
Total current liabilities	<u>1,473,366</u>	<u>1,013,967</u>	<u>2,487,333</u>
Noncurrent liabilities:			
Net other postemployment benefit liability	-	201,653	201,653
Compensated absences	-	109,094	109,094
Total noncurrent liabilities	<u>-</u>	<u>310,747</u>	<u>310,747</u>
Total liabilities	<u>1,473,366</u>	<u>1,324,714</u>	<u>2,798,080</u>
Deferred Inflows of Resources			
Deferred inflows related to other postemployment benefits	-	149,376	149,376
Total deferred inflows of resources	<u>-</u>	<u>149,376</u>	<u>149,376</u>
Net position			
Net investment in capital assets	-	35,554,427	35,554,427
Unrestricted	549,756	226,869	776,625
Total net position	<u>\$ 549,756</u>	<u>\$ 35,781,296</u>	<u>\$ 36,331,052</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Other Component Units
For the Year Ended June 30, 2021

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Operating revenues			
Charges for services and other operating revenues	\$ 310,257	\$ 487,968	\$ 798,225
Total operating revenues	310,257	487,968	798,225
Operating expenses			
Operations	228,671	5,294,097	5,522,768
Administration	664	1,918,012	1,918,676
Maintenance and repairs	30,267	2,181,891	2,212,158
Total operating expenses	259,602	9,394,000	9,653,602
Operating income (loss)	50,655	(8,906,032)	(8,855,377)
Nonoperating revenue			
Subsidy of operations- City of Lynchburg	-	(125,319)	(125,319)
Subsidy of operations- Counties	-	77,800	77,800
Subsidy of operations- Liberty University	-	293,964	293,964
Subsidy of operations- State aid for public transportation	-	2,198,620	2,198,620
Subsidy of operations- Federal operating grant	-	3,676,764	3,676,764
Miscellaneous revenue	-	75,434	75,434
Gain on disposition of capital assets	-	34,012	34,012
Total nonoperating revenue	-	6,231,275	6,231,275
Capital contributions	-	4,072,392	4,072,392
Change in net position	50,655	1,397,635	1,448,290
Total net position - beginning	499,101	34,383,661	34,882,762
Total net position - ending	\$ 549,756	\$ 35,781,296	\$ 36,331,052

Combining Statement of Cash Flows
Other Component Units
For the Year Ended June 30, 2021

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Operating activities			
Cash received from operations	\$ 657,304	\$ 489,945	\$ 1,147,249
Cash paid to employees	(120,381)	(3,295,574)	(3,415,955)
Cash paid to suppliers for goods and services	(136,230)	(3,775,946)	(3,912,176)
New loans disbursed	(77,000)	-	(77,000)
Net cash provided by (used in) operating activities	323,693	(6,581,575)	(6,257,882)
Noncapital financing activities			
Subsidies	-	6,641,977	6,641,977
Net cash provided by noncapital financing activities	-	6,641,977	6,641,977
Capital and related financing activities			
Capital contributions received	-	4,123,034	4,123,034
Purchases of capital assets	-	(4,198,214)	(4,198,214)
Proceeds from sale of capital assets	-	71,018	71,018
Net cash used in capital and related financing activities	-	(4,162)	(4,162)
Net increase in cash and cash equivalents	323,693	56,240	379,933
Cash and cash equivalents			
Beginning of year	767,023	584,389	1,351,412
End of year	\$ 1,090,716	\$ 640,629	\$ 1,731,345
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 50,655	\$ (8,906,032)	\$ (8,855,377)
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:			
Depreciation	437	2,694,641	2,695,078
Decrease in receivables	272,047	1,977	274,024
Increase in prepaids and other assets	-	(104,229)	(104,229)
Increase in inventory	-	(14,766)	(14,766)
Increase (decrease) in accounts payable and other current liabilities	554	(14,549)	(13,995)
Decrease in compensated absences and other postemployment benefits	-	(238,617)	(238,617)
Net cash provided by (used in) operating activities	\$ 323,693	\$ (6,581,575)	\$ (6,257,882)
Supplemental cash flow information			
Non-cash transactions:			
Capital assets additions financed by accounts payable	\$ -	\$ 49,514	\$ 49,514

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SUPPLEMENTAL SCHEDULES

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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	191VA407S2514		\$ 1,828,737		
Supplemental Nutrition Assistance Program - Community Market	10.561	171VA407S2514		25,068		\$ 1,853,805
Total SNAP Cluster					\$ 1,853,805	
Child Nutrition Cluster						
National School Lunch Program	10.555	16161VA347N2535		26,480		26,480
National School Breakfast Program	10.553	16161VA347N2535		19,977		19,977
Department of Parks & Recreation:						
Food Insecurity Nutritional Incentive (FINI) Double-Dollars Grant	10.331	2015-70018-2330		19,674		19,674
Total Department of Agriculture						\$ 1,919,936
Department of Health and Human Services						
Passed through Commonwealth of Virginia:						
Department of Social Services:						
Family Preservation and Support	93.556	1801VAFPS		\$ 68,883		\$ 68,883
TANF Block Grant	93.558	1901VATANF		980,492		980,492
Refugee and Entrant Assistance State - Administered Programs	93.566	1801VARSOC		1,792		1,792
Low Income Energy Assistance	93.568	18B1VALIEA		134,436		134,436
CCDF Cluster - Child Care Assistance	93.575	1801VACCDF		(85)		(85)
CCDF Cluster - Child Care Development Fund	93.596	1801VACCDF		177,182		177,182
Total CCDF Cluster					\$ 177,097	
Chafee Education and Training Vouchers Program (ETV)	93.599	1801VACETV		929		929
Child Welfare Services	93.645	1801VACWSS		490		490
Foster Care - Title IV-E	93.658	1901VAFOST		1,520,803		1,520,803
Adoption Assistance	93.659	1901VAADPT		3,191,054		3,191,054
Social Services Block Grant	93.667	1801VASOSR		928,352		928,352
Independent Living	93.674	1801VACILP		20,614		20,614
Children's Insurance Program	93.767	1905VA0301		15,481		15,481
Medicaid Cluster - Medicaid Assistance	93.778	1805VA5MAP		1,378,112		1,378,112
Total Medicaid Cluster					\$ 1,378,112	
Total Department of Health and Human Services						\$ 8,418,535

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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:						
Entitlement Grants Cluster						
Community Development Block Grant Program						
Community Development Block Grant FY16	14.218	B-15-MC-51-0014				
Passed through to:						
Lynchburg Redevelopment and Housing Authority	14.218	B-15-MC-51-0014	\$ 20,000	\$ 20,000		
Community Development Block Grant FY17	14.218	B-16-MC-51-0014				
Passed through to:						
Lynchburg Redevelopment and Housing Authority	14.218	B-16-MC-51-0014	3,691	3,691		
Community Development Block Grant FY19	14.218	B-18-MC-51-0014		142,020		
Passed through to:						
Lynchburg Redevelopment and Housing Authority	14.218	B-18-MC-51-0014	2,643	2,643		
Community Development Block Grant FY20	14.218	B-19-MC-51-0014		454,494		
Passed through to:						
Lynchburg Redevelopment and Housing Authority	14.218	B-19-MC-51-0014	99,710	99,710		
COVID-19 - Coronavirus Relief Supplement	14.218	B-19-MC-51-0014	271,765	271,765		
Community Development Block Grant FY21	14.218	B-19-MC-51-0014		87,264		\$ 1,081,587
Total Entitlement Grants Cluster - Community Development Block Grant					\$ 1,081,587	
Home Investment Partnership Program						
Home Investment Partnership Program FY18	14.239	M-17-MC-51-0211		1,508		
Passed through to:						
Lynchburg Redevelopment and Housing Authority	14.239	M-17-MC-51-0211	58,058	58,058		
Home Investment Partnership Program FY19	14.239	M-18-MC-51-0211		961		
Passed through to:						
Lynchburg Community Action Group	14.239	M-18-MC-51-0211	24,280	24,280		
Home Investment Partnership Program FY20	14.239	M-19-MC-51-0211		24,052		
Passed through to:						
Habitat for Humanity	14.239	M-19-MC-51-0211	52,140	52,140		
Lynchburg Redevelopment and Housing Authority	14.239	M-19-MC-51-0211	38,864	38,864		
Home Investment Partnership Program FY21	14.239	M-18-MC-51-0211		1,607		
Passed through to:						
Habitat for Humanity	14.239	M-18-MC-51-0211	46,252	46,252		247,722
Total Entitlement Grants Cluster - Home Investment Partnership Program					\$ 247,722	
Total Department of Housing and Urban Development						\$ 1,329,309

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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		\$ 78,200		\$ 78,200
Bulletproof Vest Partnership 2020	16.607	2020-BUBX-1608-2768		32,322		32,322
Edward Byrne Memorial Justice Assistance Grant Program - Equipment 2021	16.738	2020-DJ-BX-0288		32,130		32,130
Federal Asset Forfeiture	16.922			14,612		14,612
COVID-19 - Coronavirus Emergency Funding BJA-OJP 2020	16.034	2020-VD-BX-0095		35,350		35,350
Passed through Commonwealth of Virginia:						
Department of Criminal Justice Services:						
Victim-Witness Services	16.575	20-X9267VW18		275,547		275,547
Violence Against Women Formula Grant	16.588	20-K141VA19		32,566		
Violence Against Women Formula Grant	16.588	21-L141VA20		45,959		78,525
Total Department of Justice						\$ 546,686
Department of Labor						
Passed through Commonwealth of Virginia:						
Virginia Community College System (VCCS):						
WIOA Cluster						
WIA Adult Program	17.258	AA-33260-19-55-A-51	\$ 185,511	185,511		
WIA Adult Program	17.258	AA-34799-20-55-A-51	267,798	267,798		\$ 453,309
WIA Youth Activities	17.259	AA-33260-19-55-A-51	104,987	104,987		
WIA Youth Activities	17.259	AA-34799-20-55-A-51	354,961	354,961		459,948
WIA Dislocated Workers – CARES	17.278	AA-33260-19-55-A-51	2,026	2,026		
WIA Dislocated Workers	17.278	AA-33260-19-55-A-51	215,641	215,641		
WIA Dislocated Workers	17.278	AA-34799-20-55-A-51	112,000	112,000		
WIA Dislocated Workers	17.278	AA-33183-18-55-A-51	67,407	67,407		397,074
Total WIOA Cluster					\$ 1,310,331	
Total Department of Labor						\$ 1,310,331

CITY OF LYNCHBURG, VIRGINIA

SCHEDULE 1
(Continued)Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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 Homeland Security						
Direct Payments:						
Transportation Security Administration:						
Airport LEO Cooperative Agreement	97.090	HSTS02-16-H-SLR753		\$ 87,320		\$ 87,320
Total Department of Homeland Security						\$ 87,320
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		\$ 42,243		\$ 42,243
Kemper Street Bike and Pedestrian Improvements	20.205	HSIP-118-280		63,830		63,830
Transportation Alternative Program (TAP)						
Linkhorne Road Trail Extension	20.205	17045-EN17-118-282		471,032		471,032
Total Highway Planning and Construction Cluster					\$ 577,105	
Passed through Commonwealth of Virginia:						
Highway Safety Cluster						
DMV Selective Enforcement - Alcohol FY20	20.607	AL-2020-50031-20031		8,860		8,860
DMV Selective Enforcement - Alcohol FY21	20.607	AL-2021-51104-21104		15,553		15,553
DMV Selective Enforcement - Speed FY20	20.600	SC-2020-50046-20046		2,120		2,120
DMV Selective Enforcement - Speed FY21	20.600	SC-2021-51106-21106		12,320		12,320
Total Highway Safety Cluster					\$ 38,853	
Total Department of Transportation						\$ 615,958
Department of the Treasury						
Passed through Commonwealth of Virginia:						
COVID-19 - Coronavirus Relief Fund	21.019			\$ 13,564,059		\$ 13,564,059
COVID-19 - Coronavirus Relief Fund – Municipal Utility Relief Program	21.019			189,317		189,317
Total Department of Treasury						\$ 13,753,376
Environmental Protection Agency						
Passed through Commonwealth of Virginia:						
Clean Water State Revolving Fund Cluster						
Virginia Resources Authority:						
Revolving Loan	66.458	972		\$ 13,942,267		\$ 13,942,267
Total Clean Water State Revolving Fund Cluster					\$ 13,942,267	
Total Environmental Protection Agency						\$ 13,942,267

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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>Primary Government (Continued)</u>						
Federal Aviation Administration						
Direct Payments:						
Department of Aviation:						
Airport Improvement Program	20.106	3-51-0029-041-2018		\$ 64,103		
Airport Improvement Program	20.106	3-51-0029-042-2019		18,254		
Airport Improvement Program	20.106	3-51-0029-043-2020		222,341		
Airport Improvement Program	20.106	3-51-0029-044-2020		1,834,548		
COVID-19 - Airport Improvement Program	20.106	3-51-0029-045-2020		2,457,603		\$ 4,596,849
Total Federal Aviation Administration						\$ 4,596,849
Federal Emergency Management Agency						
Direct Payments:						
Department of Homeland Security:						
Assistance to Firefighters	97.044	EMW-2019-FG-05288		\$ 6,522		\$ 6,522
Passed through Commonwealth of Virginia:						
Virginia Department of Emergency Management:						
Emergency Management Performance Grants	97.042	7196		23,423		23,423
State Homeland Security Program Grant - Fire	97.067	8271		28,004		28,004
State Homeland Security Program Grant - Fire	97.067	8315		66,500		66,500
State Homeland Security Program Grant - Fire	97.067	8620		43,216		43,216
Total Federal Emergency Management Agency						\$ 167,665

CITY OF LYNCHBURG, VIRGINIA

SCHEDULE 1
(Continued)Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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						
COVID-19 - National School Lunch Program	10.555			\$ 26,181		\$ 26,181
COVID-19 - National School Breakfast Program	10.553			16,467		16,467
Summer Food Service Program	10.559			2,568,438		
COVID-19 - Summer Food Service Program	10.559			642,202		3,210,640
CACFP	10.558			520,377		
COVID-19 - CACFP	10.558			192,573		712,950
Total Child Nutrition Cluster (10.553, 10.555, 10.559)					\$ 3,454,167	
Total Department of Agriculture						\$ 3,966,238
Department of Education						
Passed through Commonwealth of Virginia:						
Title I - Part A - Improving Basic Programs	84.010	S010A180046		\$ 11,688		
Title I - Part A - Improving Basic Programs	84.010	S010A190046		631,102		
Title I - Part A - Improving Basic Programs	84.010	S010A200046		2,666,100		
Title I - Part A - School Improvement	84.010	S010A180046		276,244		\$ 3,585,134
Title I - Part D - Neglected or Delinquent	84.013	S010A190046		13,893		
Title I - Neglected and Delinquent Children	84.013	S013A180046		3,129		
Title I - Neglected and Delinquent Children	84.013	S013A190046		606		17,628

CITY OF LYNCHBURG, VIRGINIA

SCHEDULE 1
(Continued)Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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 (Continued)</u>						
Department of Education (Continued)						
Passed through Commonwealth of Virginia:						
Title IV-B - 21st Century	84.287	S287C190047		\$ 304,389		\$ 304,389
Special Education Cluster						
IDEA - Part B Section 611 - Special Education	84.027	H027A180107		2,250		
IDEA - Part B Section 611 - Special Education	84.027	H027A190107		767,150		
IDEA - Part B Section 611 - Special Education	84.027	H027A200107		129,374		898,774
IDEA - Part B Section 619 - Special Education Preschool	84.173	H173A180112		15,850		
IDEA - Part B Section 619 - Special Education Preschool	84.173	H173A190112		46,469		62,319
Total Special Education Cluster					\$ 961,093	
Elementary and Secondary Education Act (ESEA):						
Title III Part A - Language Acquisition State Grant	84.365	S265A190046		2,815		
Title III Part A - Language Acquisition State Grant	84.365	S265A200046		14,506		17,321
Title II - Part A - Supporting Effective Instruction State Grants	84.367	S367A180044		13,058		
Title II - Part A - Supporting Effective Instruction State Grants	84.367	S367A190044		103,055		116,113
Title II - Part A - Supporting Effective Instruction State Grants	84.367	S367A200044		320,645		320,645
Title IV - Student Support	84.424	S424A180048		70,491		
Title IV - Student Support	84.424	S424A190048		112,038		
Title IV - Student Support	84.424	S424A200048		74,156		256,685
Vocational Education:						
Basic Grants to States	84.048	V048A190046		16,307		
Basic Grants to States	84.048	V048A200046		262,616		278,923
McKenney - Vento Homeless Education Assistance Improvements Act of 2001:						
Title X-C - No Child Left Behind Act	84.000	S196A190048		10,217		
Title X-C - No Child Left Behind Act	84.000	S196A200048		6,307		16,524
CRRSA ESSER II	84.425D	S425D210008		359,282		
ESSER III	84.425U	S425U210008		779,116		
ESSER/GEER	84.425C	S425D200008		224,688		1,363,086
COVID-19 - Coronavirus Relief Fund	21.019			1,357,633		1,357,633
						\$ 8,595,174
Total Department of Education						\$ 8,595,174
TOTAL				\$ 1,927,734	\$ 59,249,644	\$ 59,249,644

CITY OF LYNCHBURG, VIRGINIA

SCHEDULE 1
(Continued)Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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
		Donated Food Received				
<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		\$ 2,889		
<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>151,533</u>		<u>\$ 154,422</u>
TOTAL				<u>\$ 154,422</u>		<u>\$ 154,422</u>

CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
As of June 30, 2021

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 ALN 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, 2021

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	\$ 271,765	\$ -	\$ -
Habitat for Humanity	-	98,392	-
Lynchburg Community Action Group	-	24,280	-
Lynchburg Redevelopment & Housing Authority	126,044	96,922	-
Region 2000 Local Government Council	-	-	1,310,331
	<u>\$ 397,809</u>	<u>\$ 219,594</u>	<u>\$ 1,310,331</u>

Note 6. Program Income

The City did not receive any program income during FY2021 for the Community Development Block grant.

Note 7. Virginia Revolving Loan Fund (ALN 66.458)

As of June 30, 2021, the City had an outstanding balance through the Virginia Revolving Loan Fund in the amount of \$31,200,000 which includes federal funded loans. Expenditures associated with federally funded loans in FY 2021 totaled \$13,942,267.

SCHEDULE 2**CITY OF LYNCHBURG, VIRGINIA**Schedule of Passenger Facility Charges
As of June 30, 2021Passenger Facility Charges:

Federal Agency/Program Name/Application Number	PFC Balance July 1, 2020	Adjustments	PFC Collected	Interest Earnings	Expenditures	PFC Balance June 30, 2021
FEDERAL AVIATION ADMINISTRATION						
Passenger facility charges (12-06-C-00-LYH)	\$ -	\$ -	\$ 4,453	\$ -	\$ 4,453	\$ -
Passenger facility charges (17-07-C-00-LYH)	53,350	-	200,185	4	200,000	53,539
	<u>\$ 53,350</u>	<u>\$ -</u>	<u>\$ 204,638</u>	<u>\$ 4</u>	<u>\$ 204,453</u>	<u>\$ 53,539</u>

SCHEDULE 3Schedule of Expenditures of Passenger Facility Charges
As of June 30, 2021Expenditures of Passenger Facility Charges:

Project	PFC Expenditures
<u>Application 6 (12-06-C-00-LYH)</u>	
Local share reimbursement (non-AIP) PFC development and administrative costs	\$ 4,453
<u>Application 7 (17-07-C-00-LYH)</u>	
Construct Air Traffic Control Tower (ATCT)	200,000
Total PFC expenditures	<u>\$ 204,453</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.

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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. 157-162

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. 163-175

REVENUE CAPACITY

Tables 12-19 contain information to help the reader assess the City's most significant local revenue sources, property taxes. 176-183

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. 184-188

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. 189-190

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. 191-194

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2021

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 2014 (1).....	77,874
United States Census 2015 (1).....	78,675
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

(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.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

MISCELLANEOUS STATISTICAL DATA

June 30, 2021

(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: 2013-2021
- \$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: 2005-2021
- \$3.30 per \$100 assessed value: 1990-2004

Machinery and Tools:

- \$3.00 per \$100 assessed value: 1990-2021

Local Sales Tax:

- 1% + 4.3% VA tax: 2014-2021
- 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:

- The following schedule is utilized to determine the amount of the business license tax:

Gross Receipts/Purchases	Business License Fee
\$0 - \$10,000	Not Subject to a License
\$10,001 - \$50,000	\$30.00 Non Refundable
\$50,001 - \$100,000	\$50.00
\$100,001 - \$150,000	\$160.00

- 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
- Effective January 1, 2017 the City of Lynchburg will no longer issue a Business License for any business with gross receipts / purchases of \$10,000 or less.

(Continued)

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2021
(Continued)

TAX RATES
(Continued)

Motor Vehicle License:

- \$29.50 for vehicles weighing 4,000 pounds or less: 2005-2021
- \$34.50 for vehicles weighing greater than 4,000 pounds: 2005-2021
- \$25.00 for all types of vehicles: 1990-2004

Tobacco Tax:

- \$0.35 on pack of twenty cigarettes: 2004-2021
- \$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, 2021

(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, and revised in 2019 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.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

MISCELLANEOUS STATISTICAL DATA

June 30, 2021

(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, and revised in 2019, 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.

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.

(Continued)

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2021
(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 reaffirmed in 2019, 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 166,830,517	\$ 175,165,215	\$ 183,957,611	\$ 192,860,159	\$ 210,809,815	\$ 215,193,933	\$ 233,197,296	\$ 236,283,981	\$ 235,958,968	\$ 241,380,873
Restricted	18,760,659	16,805,325	15,935,153	9,483,640	4,879,215	2,743,988	2,929,713	3,540,436	3,232,537	3,497,836
Unrestricted	71,824,701	73,963,009	69,801,835	(20,298,752)	(26,991,866)	(29,668,951)	(119,179,431)	(106,684,248)	(91,350,597)	(71,751,034)
Total governmental activities net position	<u>\$ 257,415,877</u>	<u>\$ 265,933,549</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 182,791,158	\$ 189,456,676	\$ 196,909,298	\$ 205,192,151	\$ 209,526,622	\$ 218,449,553	\$ 224,892,828	\$ 235,078,795	\$ 250,754,162	\$ 250,988,554
Restricted	119,534	25,193	8,433	7,231	3,478	108,833	46,465	3,621	53,350	53,539
Unrestricted	19,388,092	19,764,741	20,968,416	10,828,849	16,266,676	16,867,521	7,589,878	12,507,989	12,477,023	22,052,865
Total business-type activities net position	<u>\$ 202,298,784</u>	<u>\$ 209,246,610</u>	<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>
Primary government										
Net investment in capital assets	\$ 349,621,675	\$ 364,621,891	\$ 380,866,909	\$ 398,052,310	\$ 420,336,437	\$ 433,643,486	\$ 458,090,124	\$ 471,362,776	\$ 486,713,130	\$ 492,369,427
Restricted	18,880,193	16,830,518	15,943,586	9,490,871	4,882,693	2,852,821	2,976,178	3,544,057	3,285,887	3,551,375
Unrestricted	91,212,793	93,727,750	90,770,251	(9,469,903)	(10,725,190)	(12,801,430)	(111,589,553)	(94,176,259)	(78,873,574)	(49,698,169)
Total primary government net position	<u>\$ 459,714,661</u>	<u>\$ 475,180,159</u>	<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>

Note 1: GASB Statement No. 68 was adopted in Fiscal Year 2015.

Note 2: GASB Statement No. 75 was adopted in Fiscal Year 2018.

CITY OF LYNCHBURG, VIRGINIA

TABLE 2

**CHANGES IN NET POSITION,
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General Government	\$ 14,209,838	\$ 15,116,426	\$ 13,291,661	\$ 13,675,189	\$ 14,564,945	\$ 15,669,122	\$ 15,034,844	\$ 13,734,751	\$ 14,379,320	\$ 16,049,250
Judicial	6,546,970	6,406,888	6,518,627	6,245,737	6,294,658	6,719,652	6,596,638	6,673,671	6,499,282	6,815,593
Public Safety	44,743,484	47,390,090	48,816,945	48,732,161	48,490,912	50,797,418	49,506,763	49,901,450	49,480,578	50,913,682
Public Works	25,535,985	26,539,357	29,261,348	24,846,090	26,656,472	28,964,652	28,254,520	29,588,360	29,026,793	27,411,647
Health and Human Services	24,620,381	25,274,269	25,805,934	27,317,037	28,802,640	29,306,224	28,447,078	28,193,609	30,842,359	31,485,493
Culture and Recreation	8,413,428	8,503,945	9,001,804	9,771,210	10,090,164	11,126,401	10,551,172	10,792,828	10,353,308	11,327,151
Community Development	7,757,830	5,076,676	6,730,055	6,742,294	7,764,713	6,216,395	6,423,270	6,618,561	6,420,082	9,107,983
Education	36,667,051	40,568,308	42,640,199	42,608,354	52,163,773	50,225,729	46,418,469	45,787,500	45,019,250	48,894,927
Interest Payments and Fiscal Charges	5,481,482	5,005,302	4,721,429	6,317,148	7,012,279	7,354,890	6,876,234	7,000,819	6,157,813	5,225,235
Issuance Costs	28,450	29,815	204,180	875,409	268,267	-	346,067	-	744,889	118,668
Total governmental activities expenses	174,004,899	179,911,076	186,992,182	187,130,629	202,108,823	206,380,483	198,455,055	198,291,549	198,923,674	207,349,629
Business-type activities:										
Stormwater (1)	-	2,038,265	2,542,077	1,988,044	2,250,406	2,303,672	2,796,349	3,114,545	3,335,424	3,287,239
Airport	4,394,934	4,151,032	4,370,888	4,572,562	4,590,497	4,793,694	4,734,183	5,019,188	5,134,437	5,322,098
Water	11,881,318	12,822,767	12,867,800	13,192,403	14,392,767	13,767,772	14,801,886	14,845,315	15,046,373	14,158,717
Sewer	16,705,588	16,195,043	17,350,599	18,408,180	19,032,652	19,382,060	19,689,327	20,301,884	21,004,040	22,199,335
Total business-type activities expenses	32,981,840	35,207,107	37,131,364	38,161,189	40,266,322	40,247,198	42,021,745	43,280,932	44,520,274	44,967,389
Total primary government expenses	\$ 206,986,739	\$ 215,118,183	\$ 224,123,546	\$ 225,291,818	\$ 242,375,145	\$ 246,627,681	\$ 240,476,800	\$ 241,572,481	\$ 243,443,948	\$ 252,317,018

(1) The Stormwater fund was created in FY 2013.

(Continued)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenues (see Table 3)										
Governmental Activities:										
Charges for services:										
General government	\$ 523,344	\$ 530,988	\$ 460,961	\$ 505,564	\$ 521,930	\$ 529,426	\$ 533,921	\$ 675,679	\$ 586,554	\$ 582,252
Judicial	781,941	917,900	816,341	785,268	807,987	628,411	558,501	445,007	581,557	448,904
Public safety	5,875,575	6,090,401	6,629,609	6,419,638	6,566,743	5,881,973	6,432,759	6,526,492	6,249,834	6,597,181
Public works	813,474	1,711,835	1,806,816	1,304,063	1,310,028	1,540,998	1,291,023	1,334,424	1,826,242	2,048,826
Health and human services	2,462,151	2,631,082	2,503,303	2,452,554	2,817,336	2,837,112	3,174,813	2,967,498	2,785,781	2,853,616
Cultural and Recreational	647,929	660,626	684,094	776,379	860,612	955,311	905,158	927,578	770,955	647,351
Community development	622,156	936,595	2,422,730	1,172,941	1,352,602	1,120,860	1,249,908	1,913,803	1,355,950	1,238,625
Operating Grants and Contributions	30,194,337	39,851,381	40,032,827	42,055,609	43,418,231	44,712,908	44,119,995	44,733,375	46,966,908	61,690,682
Capital Grants and Contributions	11,546,586	4,320,470	2,407,771	1,516,624	12,039,460	6,501,142	18,953,042	8,265,018	4,217,888	4,218,171
Total governmental activities program services	53,467,493	57,651,278	57,764,452	56,988,640	69,694,929	64,708,141	77,219,120	67,788,874	65,341,669	80,325,608
Business-type activities:										
Charges for services:										
Stormwater	-	3,355,267	3,124,545	3,268,776	3,209,504	3,208,044	3,212,572	3,227,746	3,265,521	3,197,089
Airport	2,011,159	2,124,073	2,235,749	2,254,531	2,446,873	2,522,138	2,470,025	2,775,975	2,533,763	2,114,485
Water	12,314,865	12,985,275	13,478,920	14,703,923	14,811,555	15,177,716	15,362,052	15,127,793	15,564,799	15,725,568
Sewer	18,520,421	18,913,651	19,763,592	20,216,758	21,264,506	22,640,530	22,635,664	23,723,563	23,231,507	24,695,077
Operating Grants and Contributions	158,129	951,522	810,040	417,601	409,592	394,959	395,048	397,320	1,119,787	2,843,139
Capital Grants and Contributions	2,007,777	2,827,806	5,697,350	6,601,428	7,416,609	5,326,856	5,871,418	11,794,517	12,863,845	5,797,854
Total business-type activities program revenues	35,012,351	41,157,594	45,110,196	47,463,017	49,558,639	49,270,243	49,946,779	57,046,914	58,579,222	54,373,212
Total primary government program revenues	\$ 88,479,844	\$ 98,808,872	\$ 102,874,648	\$ 104,451,657	\$ 119,253,568	\$ 113,978,384	\$ 127,165,899	\$ 124,835,788	\$ 123,920,891	\$ 134,698,820
Net (Expense) Revenue										
Governmental Activities	\$ (120,537,406)	\$ (122,259,798)	\$ (129,227,730)	\$ (130,141,989)	\$ (132,413,894)	\$ (141,672,342)	\$ (121,235,935)	\$ (130,502,675)	\$ (133,582,005)	\$ (127,024,021)
Business-type Activities	2,030,511	5,950,487	7,978,832	9,301,828	9,292,317	9,023,045	7,925,034	13,765,982	14,058,948	9,405,823
Total Primary Government Net Expenses	\$ (118,506,895)	\$ (116,309,311)	\$ (121,248,898)	\$ (120,840,161)	\$ (123,121,577)	\$ (132,649,297)	\$ (113,310,901)	\$ (116,736,693)	\$ (119,523,057)	\$ (117,618,198)

(Continued)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 70,054,855	\$ 74,446,360	\$ 74,994,389	\$ 75,714,767	\$ 77,654,736	\$ 78,396,772	\$ 79,798,396	\$ 81,396,201	\$ 85,485,322	\$ 87,068,948
Local sales and use taxes	13,440,973	13,589,747	13,842,292	15,006,326	14,995,131	15,351,347	15,282,741	15,913,730	16,478,533	18,586,355
Meals taxes	11,658,371	11,916,522	12,549,321	13,756,602	14,188,513	14,881,552	14,097,828	14,958,842	13,540,536	15,114,569
Consumer utility taxes	4,475,316	4,628,647	4,738,343	4,575,492	4,660,389	4,569,906	4,768,971	4,673,911	4,527,250	4,581,154
Business license taxes	7,885,841	8,057,554	8,580,699	8,219,996	8,826,486	9,377,091	8,736,403	9,503,954	9,685,320	9,522,473
Communications sales and use taxes	3,462,621	3,471,805	3,412,734	3,382,915	3,282,767	3,202,076	3,101,975	2,877,715	2,812,099	2,497,779
Other taxes	7,299,554	5,823,989	6,638,042	6,785,275	6,862,577	7,137,128	7,397,005	7,745,217	6,672,235	6,897,558
Unrestricted intergovernmental	5,940,422	6,052,604	6,240,433	6,223,664	6,291,034	6,292,632	6,330,816	6,415,005	6,330,695	6,535,819
Interest	438,375	201,735	295,656	312,688	477,313	504,776	889,609	1,642,727	1,375,991	155,574
IRS interest subsidy - Build America bonds	293,680	293,680	270,332	272,388	272,975	273,563	273,856	274,884	137,736	-
Miscellaneous	1,162,435	1,606,926	1,480,036	2,141,167	1,374,166	1,164,928	1,060,093	733,225	1,028,422	859,247
Transfers	(417,961)	(336,330)	(218,809)	(60,658)	-	-	(135,751)	154,228	-	-
Gain (Loss) on sale of assets	73,749	1,024,231	165,312	324,443	179,924	92,377	588,918	405,627	208,605	491,312
Total governmental activities	125,768,231	130,777,470	132,988,780	136,655,065	139,066,011	141,244,148	142,190,860	146,695,266	148,282,744	152,310,788
Business-type activities:										
Interest	210,782	108,977	132,701	96,910	136,484	231,789	546,939	1,064,934	916,795	179,790
IRS interest subsidy - Build America Bonds	297,551	297,550	273,896	275,978	276,573	277,168	277,466	278,508	139,551	-
Miscellaneous	148,571	45,232	22,332	22,966	56,305	90,785	93,369	90,949	500,294	210,838
Transfers	-	336,330	218,809	60,658	-	-	135,751	(154,228)	-	-
Gain (loss) on sale of assets	417,961	209,250	12,967	9,825	6,866	6,344	47,162	15,089	78,542	13,972
Total business-type activities	1,074,865	997,339	660,705	466,337	476,228	606,086	1,100,687	1,295,252	1,635,182	404,600
Total primary government	\$ 126,843,096	\$ 131,774,809	\$ 133,649,485	\$ 137,121,402	\$ 139,542,239	\$ 141,850,234	\$ 143,291,547	\$ 147,990,518	\$ 149,917,926	\$ 152,715,388
Changes in Net Position										
Governmental activities	\$ 5,230,825	\$ 8,517,672	\$ 3,761,050	\$ 6,513,076	\$ 6,652,117	\$ (428,194)	\$ 20,954,925	\$ 16,192,591	\$ 14,700,739	\$ 25,286,767
Business-type activities	3,105,376	6,947,826	8,639,537	9,768,165	9,768,545	9,629,131	9,025,721	15,061,234	15,694,130	9,810,423
Total primary government	\$ 8,336,201	\$ 15,465,498	\$ 12,400,587	\$ 16,281,241	\$ 16,420,662	\$ 9,200,937	\$ 29,980,646	\$ 31,253,825	\$ 30,394,869	\$ 35,097,190

**PROGRAM REVENUES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function/Program										
Governmental Activities:										
General government	\$ 842,476	\$ 842,595	\$ 772,920	\$ 822,568	\$ 6,315,850	\$ 852,147	\$ 14,731,586	\$ 1,296,467	\$ 990,778	\$ 2,281,911
Judicial	4,685,775	4,369,390	4,705,330	4,556,364	4,613,026	4,528,778	4,494,336	4,366,657	4,486,505	4,442,397
Public safety	10,901,882	12,249,088	12,655,192	12,043,156	12,167,299	12,562,382	12,682,717	13,101,997	13,328,228	18,895,845
Public works	13,637,579	16,225,091	13,736,037	13,462,198	18,900,766	19,394,584	17,786,121	20,888,553	17,410,171	18,586,893
Health and human services	19,756,196	20,786,993	21,009,420	22,626,330	23,708,853	24,089,638	24,012,556	23,752,553	24,828,227	25,788,088
Cultural and recreational	842,913	932,261	1,335,292	1,010,645	1,153,738	1,201,444	1,177,805	1,193,224	1,894,496	1,941,303
Community development	2,445,719	2,216,576	3,550,261	2,467,379	2,755,042	1,943,831	2,213,229	2,864,423	2,403,264	6,381,727
Education	354,953	29,284	-	-	80,355	135,337	120,770	325,000	-	2,007,444
Subtotal governmental activities	53,467,493	57,651,278	57,764,452	56,988,640	69,694,929	64,708,141	77,219,120	67,788,874	65,341,669	80,325,608
Business-type activities:										
Stormwater (1)	-	4,005,267	3,774,545	3,543,776	3,484,504	3,572,102	4,042,606	3,502,746	4,096,871	3,903,728
Airport	3,452,187	5,046,920	5,214,040	5,786,312	5,163,799	5,786,943	4,913,857	5,312,847	6,696,743	9,045,487
Water	12,338,865	13,067,064	13,492,023	14,708,923	15,174,472	15,387,716	15,362,052	15,397,448	15,568,073	15,725,568
Sewer	19,221,299	19,038,343	22,629,588	23,424,006	25,735,864	24,523,482	25,628,264	32,833,873	32,217,535	25,698,429
Subtotal business-type activities	35,012,351	41,157,594	45,110,196	47,463,017	49,558,639	49,270,243	49,946,779	57,046,914	58,579,222	54,373,212
Total primary government	\$ 88,479,844	\$ 98,808,872	\$ 102,874,648	\$ 104,451,657	\$ 119,253,568	\$ 113,978,384	\$ 127,165,899	\$ 124,835,788	\$ 123,920,891	\$ 134,698,820

(1) The Stormwater fund was created in FY 2013.

TABLE 4

**FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,401,700	\$ 14,093,629	\$ -	\$ -
Committed	13,992,915	14,610,825	15,237,982	14,803,075	12,139,666	13,970,703	12,739,188	15,920,227	16,944,527	14,606,255
Assigned	5,574,299	3,128,072	5,029,549	6,118,051	5,232,752	3,838,602	8,071,697	9,083,748	10,054,580	9,693,184
Unassigned	28,835,650	31,675,248	33,878,501	32,089,924	25,589,098	27,147,729	29,197,526	29,364,685	34,579,844	49,771,343
Total General Fund	<u>\$ 48,402,864</u>	<u>\$ 49,414,145</u>	<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>
All Other Governmental Funds										
Nonspendable	\$ 500,000	\$ 450,000	\$ 400,000	\$ 350,000	\$ 300,000	\$ 250,000	\$ 200,000	\$ -	\$ -	\$ -
Restricted	18,760,659	16,805,325	15,935,152	9,483,641	4,879,215	2,743,988	2,929,713	3,540,436	3,232,537	3,497,836
Committed	21,518,899	17,761,570	13,852,139	68,602,388	52,840,854	33,170,926	21,141,975	17,551,255	44,853,501	35,302,180
Assigned	126,818	100,000	100,012	100,012	100,012	100,012	100,012	122,328	-	-
Unassigned	(257,944)	(257,945)	-	(50,067)	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 40,648,432</u>	<u>\$ 34,858,950</u>	<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>

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$116,760,078	\$122,436,720	\$125,237,029	\$127,770,651	\$130,022,195	\$132,895,836	\$134,835,168	\$137,222,286	\$139,065,653	\$144,180,960
Regulatory licenses, permits and privilege fees	916,546	991,098	1,068,270	1,000,222	1,108,694	1,071,926	1,101,285	1,106,893	1,162,650	980,572
Intergovernmental	47,320,286	50,245,714	48,326,225	49,874,673	55,070,162	55,784,306	55,565,967	57,603,524	57,356,173	71,914,607
Fines and forfeitures	721,839	726,438	634,485	637,417	570,242	505,829	406,905	363,010	323,366	319,307
Revenue from use of money and property	749,017	506,030	702,100	820,000	1,051,355	1,243,844	1,496,011	2,296,990	2,003,967	838,458
Charges for services	11,467,834	13,687,367	15,916,305	14,365,457	14,484,302	13,397,141	14,716,870	15,500,824	14,934,876	15,501,347
Miscellaneous	1,828,931	2,863,553	2,516,916	2,807,317	3,033,445	3,317,877	1,808,108	3,636,735	1,300,132	1,323,168
Total revenues	179,764,531	191,456,920	194,401,330	197,275,737	205,340,395	208,216,759	209,930,314	217,730,262	216,146,817	235,058,419
Expenditures										
General government	15,499,218	16,130,210	14,289,462	16,152,572	16,255,049	16,987,863	17,359,357	16,547,404	17,235,539	18,747,740
Judicial	5,790,132	5,767,935	5,758,228	5,717,080	5,654,176	6,042,746	6,201,171	6,326,561	6,295,896	6,491,200
Public Safety	42,427,687	46,421,193	46,660,711	48,818,343	48,233,548	49,659,468	50,284,130	51,881,221	51,550,558	52,351,968
Public Works	17,681,810	19,474,530	22,150,384	18,097,502	19,790,108	20,593,526	20,211,943	21,227,308	20,678,139	18,739,719
Health and human services	24,172,488	25,059,481	25,328,758	27,443,758	28,554,889	28,892,687	28,900,411	28,731,703	31,511,665	31,869,858
Cultural and recreational	7,383,687	7,672,890	7,611,982	8,821,557	8,928,603	9,623,473	8,910,592	9,428,732	9,079,179	9,830,865
Community development	7,734,642	5,072,557	6,519,328	6,681,436	7,623,841	5,995,399	6,385,505	6,578,169	6,413,185	9,040,985
Education	31,830,468	35,590,981	36,856,139	37,562,551	42,897,772	43,216,739	39,017,813	38,318,576	37,423,267	42,161,777
Capital Outlay										
Capital general government (1)	10,688,906	14,864,174	22,238,043	53,408,143	56,618,269	29,017,350	19,728,578	21,053,810	21,721,700	26,541,658
Debt Services										
Principal Retirement	10,119,044	10,103,234	9,689,223	10,296,872	10,134,827	10,972,265	10,678,219	11,719,848	17,285,515	11,258,024
Interest payments and other fiscal charges	5,399,200	4,985,875	4,683,175	7,435,810	7,306,428	7,324,880	7,407,067	7,390,213	6,517,496	6,660,521
Issuance costs	28,450	29,815	204,180	875,409	268,267	-	346,067	-	744,889	118,668
Total expenditures	178,755,732	191,172,875	201,989,613	241,311,033	252,265,777	228,326,396	215,430,853	219,203,545	226,457,028	233,812,983
Excess (deficiency) of revenues over expenditures	1,008,799	284,045	(7,588,283)	(44,035,296)	(46,925,382)	(20,109,637)	(5,500,539)	(1,473,283)	(10,310,211)	1,245,436
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
Premium on debt proceeds	-	-	-	7,792,446	1,505,630	-	-	-	3,691,148	-
Issuance of refunding bonds	-	4,129,625	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	-	(4,129,625)	-	(23,114,836)	(8,065,760)	-	(2,160,352)	-	(13,850,000)	(9,358,669)
Refunded bond principal payments	-	-	-	-	-	-	-	-	-	(1,733,158)
Capital contributions	-	(4,725,916)	-	-	-	-	-	-	-	-
Transfers in	11,057,987	9,560,807	9,978,763	11,606,390	15,442,682	6,456,092	4,746,481	7,642,818	7,345,416	7,465,685
Transfers out	(12,203,385)	(9,897,137)	(10,230,878)	(11,702,990)	(16,205,463)	(6,206,092)	(6,630,618)	(7,549,488)	(7,819,037)	(7,958,426)
Total other financing sources (uses)	(1,145,398)	(5,062,246)	7,748,523	91,098,985	16,509,955	250,000	13,060,390	2,367,780	30,298,892	1,960,373
Net change in fund balances	\$ (136,599)	\$ (4,778,201)	\$ 160,240	\$ 47,063,689	\$ (30,415,427)	\$ (19,859,637)	\$ 7,559,851	\$ 894,497	\$ 19,988,681	\$ 3,205,809
Debt Service as a percentage of noncapital expenditures (2)	9.23%	8.56%	8.00%	9.44%	8.91%	9.18%	9.24%	9.64%	11.63%	8.64%

(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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 116,760,078	\$ 122,436,720	\$ 125,237,029	\$ 127,770,651	\$ 130,022,195	\$ 132,895,836	\$ 134,835,168	\$ 137,222,286	\$ 139,065,653	\$ 144,180,960
Regulatory licenses, permits, and privilege fees	916,546	991,098	1,068,270	1,000,222	1,108,694	1,071,926	1,101,285	1,106,893	1,162,650	980,572
Intergovernmental	35,030,474	33,669,141	34,333,156	34,604,123	36,644,986	37,432,488	36,917,105	37,433,967	38,090,501	38,592,078
Fines & forfeitures	721,839	726,438	634,485	637,417	570,242	505,829	406,905	363,010	323,366	319,307
Revenues from use of money & property	690,069	437,531	640,544	697,756	916,257	1,125,893	1,434,901	2,213,643	1,908,132	753,752
Charges for services	7,676,012	9,949,886	10,555,494	10,750,591	10,356,244	9,938,717	10,743,235	10,970,514	11,168,427	11,334,318
Miscellaneous	871,056	1,097,217	1,150,545	1,154,870	1,234,853	1,050,756	1,380,263	781,049	1,052,246	821,512
Total revenues	162,666,074	169,308,031	173,619,523	176,615,630	180,853,471	184,021,445	186,818,862	190,091,362	192,770,975	196,982,499
Expenditures:										
Current operating expenditures:										
General government	15,908,597	16,408,318	14,507,532	16,298,894	16,490,338	17,106,909	17,389,996	16,893,676	17,521,050	17,925,675
Judicial	4,421,907	4,650,024	4,655,974	4,696,403	4,788,676	4,832,773	5,032,655	5,088,929	5,176,741	5,255,436
Public safety	38,845,495	42,026,411	42,455,002	44,421,121	44,391,282	45,274,306	46,414,215	47,769,024	47,642,493	42,690,099
Public works	14,436,170	15,547,537	16,403,344	14,600,543	16,009,423	16,364,853	15,920,299	17,926,578	16,707,843	17,156,557
Health and human services	18,268,410	18,905,329	19,184,011	19,825,954	21,018,515	21,401,062	21,441,064	21,133,854	22,938,513	22,746,911
Cultural & recreational	7,383,687	7,560,762	7,479,777	8,558,412	8,394,652	9,034,143	8,825,071	9,320,532	8,906,758	8,926,841
Community development	3,930,173	3,504,251	4,283,676	4,819,261	4,590,547	3,804,380	4,817,967	5,041,335	4,905,846	3,462,940
Education	31,696,712	35,308,205	35,709,226	36,389,604	42,691,567	42,943,004	38,894,037	38,257,161	37,411,557	40,002,658
Capital outlay:										
Capital general government	-	-	-	-	-	-	649,712	37,309	12,102	810,907
Debt service:										
Principal retirements	9,706,899	9,693,099	9,359,924	9,959,146	9,837,962	10,683,800	10,416,914	10,649,783	17,254,960	11,250,149
Interest payments and other fiscal charges	5,225,436	4,829,728	4,544,745	7,276,813	7,281,382	7,294,605	7,380,164	7,321,643	6,514,725	6,658,383
Issuance costs	28,450	29,815	204,180	443,933	171,746	-	346,067	-	374,779	118,505
Total expenditures	149,851,936	158,463,479	158,787,391	167,290,084	175,666,090	178,739,835	177,528,161	179,439,824	185,367,367	177,005,061
Excess of revenues over expenditures	12,814,138	10,844,552	14,832,132	9,325,546	5,187,381	5,281,610	9,290,701	10,651,538	7,403,608	19,977,438
Other financing sources (uses):										
Issuance of bonds	-	-	57,468	412,470	83,298	-	103,342	-	6,138,453	-
Premium on debt proceeds	-	-	-	-	-	-	1,700,762	-	593,822	-
Issuance of refunding bonds	-	4,129,625	-	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	-	(4,129,625)	-	(22,647,772)	(8,065,760)	-	(2,160,352)	-	(13,850,000)	(9,358,669)
Transfers in	283,272	18,524	4,761	325,036	366,572	1,585,000	252,397	643,814	274,908	175,000
Transfers out	(11,695,113)	(9,851,795)	(10,162,474)	(11,373,362)	(15,773,891)	(4,871,092)	(4,955,328)	(7,243,174)	(7,444,129)	(7,783,426)
Total other financing sources (uses)	(11,411,841)	(9,833,271)	(10,100,245)	(10,460,528)	(15,236,915)	(3,286,092)	10,162,376	(6,599,360)	(14,286,946)	(7,485,607)
Net changes in fund balances	1,402,297	1,011,281	4,731,887	(1,134,982)	(10,049,534)	1,995,518	19,453,077	4,052,178	(6,883,338)	12,491,831
Fund balance - beginning, as restated	47,000,567	48,402,864	49,414,145	54,146,032	53,011,050	42,961,516	44,957,034	64,410,111	68,462,289	61,578,951
Fund balance - ending	\$ 48,402,864	\$ 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

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SCHOOL FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Intergovernmental	\$ 74,046,427	\$ 78,946,545	\$ 80,213,734	\$ 84,423,859	\$ 89,797,227	\$ 93,028,379	\$ 90,439,558	\$ 91,790,234	\$ 90,816,094	\$ 99,931,412
Revenue from use of money & property	136	106	-	-	-	-	-	-	-	-
Charges for services	1,556,187	1,468,451	1,471,332	1,169,484	1,491,359	1,820,727	1,640,533	1,723,917	2,706,961	464,205
Miscellaneous	1,197,197	590,372	520,942	726,730	1,365,368	412,650	632,056	803,639	1,432,973	321,090
Total revenues	76,799,947	81,005,474	82,206,008	86,320,073	92,653,954	95,261,756	92,712,147	94,317,790	94,956,028	100,716,707
Expenditures:										
Education:										
Instruction	54,189,572	57,096,206	57,686,592	61,909,077	65,839,840	68,909,218	67,276,868	66,430,018	68,039,938	68,140,244
Administration, attendance, and health	3,767,196	4,193,846	5,581,280	4,865,032	5,426,428	5,717,931	6,376,477	5,675,250	5,953,847	7,208,116
Pupil transportation services	4,418,735	4,661,286	4,690,144	4,828,845	4,762,678	5,016,591	5,335,508	5,668,771	5,322,011	4,302,460
Operations and maintenance	9,287,310	9,643,581	9,497,568	10,665,930	10,485,381	10,157,853	10,296,919	10,899,422	10,554,930	10,945,726
Food service and other	-	5,633	16,087	24,670	21,358	12,153	16,691	15,344	8,986	30,194
Facilities	40,563	87,879	20,365	10,163	14,825	20,758	26,138	20,959	18,434	175
Technology	2,362,774	2,049,937	3,244,460	3,525,049	3,230,426	3,034,004	3,060,199	3,104,473	3,748,479	6,280,494
Capital outlay	1,999,266	3,253,181	862,639	742,418	2,813,555	1,147,768	1,445,076	1,759,244	1,070,693	2,740,740
Debt service:										
Principal retirements	480,697	264,931	109,353	-	-	-	-	-	-	-
Interest payments	22,256	8,261	970	-	-	-	-	-	-	-
Total expenditures	76,568,369	81,264,741	81,709,458	86,571,184	92,594,491	94,016,276	93,833,876	93,573,481	94,717,318	99,648,149
Excess (deficiency) of revenues over expenditures	231,578	(259,267)	496,550	(251,111)	59,463	1,245,480	(1,121,729)	744,309	238,710	1,068,558
Other financing sources (uses):										
Transfers in (out)	-	(26,655)	-	-	-	-	-	-	-	(229,754)
Total other financing sources (uses)	-	(26,655)	-	-	-	-	-	-	-	(229,754)
Net change in fund balances	231,578	(285,922)	496,550	(251,111)	59,463	1,245,480	(1,121,729)	744,309	238,710	838,804
Fund balance - beginning	264,939	496,517	210,595	707,145	456,034	515,497	1,760,977	639,248	1,383,557	1,622,267
Fund balance - ending	\$ 496,517	\$ 210,595	\$ 707,145	\$ 456,034	\$ 515,497	\$ 1,760,977	\$ 639,248	\$ 1,383,557	\$ 1,622,267	\$ 2,461,071

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
WATER FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating revenues:										
Charges for services and other operating revenues	\$ 12,314,865	\$ 12,985,275	\$ 13,478,920	\$ 14,703,923	\$ 14,811,555	\$ 15,177,716	\$ 15,362,052	\$ 15,127,793	\$ 15,564,799	\$ 15,725,568
Total operating revenues	12,314,865	12,985,275	13,478,920	14,703,923	14,811,555	15,177,716	15,362,052	15,127,793	15,564,799	15,725,568
Operating expenses:										
Personal services and benefits	3,835,816	4,385,357	4,345,690	4,350,457	5,061,596	5,173,210	4,779,528	5,076,126	5,960,956	5,896,481
Operation and maintenance	1,158,818	1,460,251	1,453,789	1,550,252	1,788,171	945,920	1,750,445	1,301,725	1,269,534	1,272,141
Supplies and materials	1,296,768	1,220,000	1,218,645	1,210,601	1,229,613	1,378,106	1,435,848	1,362,100	1,210,432	973,583
Administration	1,182,821	1,220,437	1,308,718	1,462,335	1,335,499	1,196,167	1,431,196	1,550,316	1,610,286	1,576,052
Other charges	60,133	65,424	60,118	77,950	87,808	90,180	86,149	89,138	93,493	87,911
Depreciation	2,701,356	2,711,581	2,757,951	2,852,246	2,916,684	3,048,763	3,116,981	3,231,814	3,225,638	3,278,090
Total operating expenses	10,235,712	11,063,050	11,144,911	11,503,841	12,419,371	11,832,346	12,600,147	12,611,219	13,370,339	13,084,258
Operating income	2,079,153	1,922,225	2,334,009	3,200,082	2,392,184	3,345,370	2,761,905	2,516,574	2,194,460	2,641,310
Nonoperating revenues (expenses):										
Interest income	40,275	2,729	21,508	21,514	41,904	75,939	229,606	501,029	435,285	82,440
Governmental grants	-	72,289	13,103	-	-	-	-	-	-	-
Miscellaneous	10,847	16,535	2,122	2,781	1,028	1,131	1,001	33,101	220,157	154,952
Gain (loss) on disposition of assets	-	-	7,314	9,219	6,128	5,172	18,282	5,798	9,621	7,877
Interest on long-term debt	(1,643,503)	(1,751,114)	(1,708,765)	(1,678,042)	(1,971,229)	(1,911,073)	(2,204,019)	(2,208,099)	(1,663,343)	(1,138,518)
IRS interest subsidy - Build America Bonds	251,598	251,598	231,596	233,357	233,860	234,363	234,615	235,496	117,999	-
Total nonoperating revenues (expenses)	(1,340,783)	(1,407,963)	(1,433,122)	(1,411,171)	(1,688,309)	(1,594,468)	(1,720,515)	(1,432,675)	(880,281)	(893,249)
Income before contributions and transfers	738,370	514,262	900,887	1,788,911	703,875	1,750,902	1,041,390	1,083,899	1,314,179	1,748,061
Capital contributions	24,000	9,500	-	5,000	362,917	210,000	-	269,655	3,274	-
Transfers in	-	-	-	-	-	-	67,298	93,215	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(48,494)
Change in net position	762,370	523,762	900,887	1,793,911	1,066,792	1,960,902	1,108,688	1,446,769	1,317,453	1,699,567
Total net position - beginning, as restated (1) (2) (3)	35,273,830	36,036,200	36,559,962	31,448,108	33,242,019	34,308,811	29,985,889	31,094,577	32,541,346	33,858,799
Ending net position:										
Net investment in capital assets	28,177,375	27,787,795	28,010,070	28,620,307	27,610,452	29,430,618	29,134,568	30,347,378	31,506,001	34,204,364
Unrestricted	7,858,825	8,772,167	9,450,779	4,621,712	6,698,359	6,839,095	1,960,009	2,193,968	2,352,798	1,354,002
Total net position - ending	<u>\$ 36,036,200</u>	<u>\$ 36,559,962</u>	<u>\$ 37,460,849</u>	<u>\$ 33,242,019</u>	<u>\$ 34,308,811</u>	<u>\$ 36,269,713</u>	<u>\$ 31,094,577</u>	<u>\$ 32,541,346</u>	<u>\$ 33,858,799</u>	<u>\$ 35,558,366</u>

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Annual Comprehensive Financial Report for FY 2012 for an explanation.

(2) 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.

(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.

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
SEWER FUND
LAST TEN FISCAL YEARS

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating revenues:										
Charges for services and other operating revenues	\$ 18,520,421	\$ 18,913,651	\$ 19,763,592	\$ 20,216,758	\$ 21,264,506	\$ 22,640,530	\$ 22,635,664	\$ 23,723,563	\$ 23,231,507	\$ 24,695,077
Total operating revenues	18,520,421	18,913,651	19,763,592	20,216,758	21,264,506	22,640,530	22,635,664	23,723,563	23,231,507	24,695,077
Operating expenses:										
Personal services and benefits	2,963,550	2,731,139	2,871,425	2,944,024	3,390,178	3,424,756	3,274,735	3,355,976	3,365,150	3,633,749
Operation and maintenance	3,054,420	2,493,078	2,742,797	2,697,307	2,906,172	3,071,702	3,533,634	3,636,697	3,649,979	4,062,291
Supplies and materials	1,119,265	1,040,125	1,158,838	1,336,709	1,489,227	1,562,481	1,386,495	1,661,637	1,738,027	2,098,779
Administration	2,337,126	2,273,339	2,282,628	2,573,784	2,341,346	2,316,721	2,467,815	2,580,626	2,802,473	3,191,245
Other charges	70,699	33,447	44,651	66,946	51,118	106,560	74,387	66,021	69,826	111,934
Depreciation	5,819,288	6,147,918	7,049,861	7,584,388	7,635,836	7,888,946	7,898,587	8,037,676	8,131,718	8,434,452
Total operating expenses	15,364,348	14,719,046	16,150,200	17,203,158	17,813,877	18,371,166	18,635,653	19,338,633	19,757,173	21,532,450
Operating income	3,156,073	4,194,605	3,613,392	3,013,600	3,450,629	4,269,364	4,000,011	4,384,930	3,474,334	3,162,627
Nonoperating revenues (expenses):										
Interest income	167,849	102,589	108,729	73,142	85,086	124,705	241,852	409,567	350,086	79,817
Governmental grants	-	93,667	10,759	-	-	219	-	-	-	-
Miscellaneous	125,336	11,999	11,170	10,400	11,821	19,605	47,687	47,717	270,958	53,235
Gain (loss) on disposition of assets	-	(160,294)	5,653	606	738	1,172	16,393	2,259	(175,771)	(213,716)
Interest on long-term debt	(1,359,726)	(1,234,971)	(1,148,525)	(1,086,336)	(1,129,426)	(985,817)	(1,068,072)	(1,077,985)	(1,119,367)	(585,733)
IRS interest subsidy - Build America Bonds	45,953	45,952	42,300	42,621	42,713	42,805	42,851	43,012	21,552	-
Total nonoperating revenues (expenses)	(1,020,588)	(1,141,058)	(969,914)	(959,567)	(989,068)	(797,311)	(719,289)	(575,430)	(652,542)	(666,397)
Income before contributions and transfers	2,135,485	3,053,547	2,643,478	2,054,033	2,461,561	3,472,053	3,280,722	3,809,500	2,821,792	2,496,230
Capital contributions	700,878	31,025	2,855,237	3,207,248	4,471,358	1,882,733	2,992,600	9,110,310	8,986,028	1,003,352
Transfers in	-	-	126,734	126,734	126,734	-	50,729	64,082	-	48,494
Transfers out	(3,401)	-	-	-	-	-	-	-	-	-
Change in net position	2,832,962	3,084,572	5,625,449	5,388,015	7,059,653	5,354,786	6,324,051	12,983,892	11,807,820	3,548,076
Total net position - beginning, as restated (1) (2) (3)	132,997,076	135,830,038	138,914,610	140,651,555	146,039,570	153,099,223	154,135,205	160,459,256	173,443,148	185,250,968
Ending net position:										
Net investment in capital assets	122,482,265	128,264,125	133,496,405	138,595,419	144,934,435	148,010,757	154,280,143	164,363,686	177,570,472	174,740,303
Unrestricted	13,347,773	10,650,485	11,043,654	7,444,151	8,164,788	10,443,252	6,179,113	9,079,462	7,680,496	14,058,741
Total net position - ending	\$ 135,830,038	\$ 138,914,610	\$ 144,540,059	\$ 146,039,570	\$ 153,099,223	\$ 158,454,009	\$ 160,459,256	\$ 173,443,148	\$ 185,250,968	\$ 188,799,044

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Annual Comprehensive Financial Report for FY 2012 for an explanation.

(2) 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.

(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.

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
STORMWATER FUND
LAST NINE FISCAL YEARS**

	Fiscal Year								
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating revenues:									
Charges for services and other operating revenues	\$ 3,355,267	\$ 3,124,545	\$ 3,268,776	\$ 3,209,504	\$ 3,208,044	\$ 3,212,572	\$ 3,227,746	\$ 3,265,521	\$ 3,197,089
Intergovernmental	650,000	650,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000
Total operating revenues	4,005,267	3,774,545	3,543,776	3,484,504	3,483,044	3,487,572	3,502,746	3,540,521	3,472,089
Operating expenses:									
Personal services and benefits	281,160	414,356	362,502	446,320	651,860	531,569	673,639	680,361	554,455
Operation and maintenance	651,189	719,470	306,678	285,560	327,657	451,961	511,138	418,487	369,085
Supplies and materials	50,358	113,528	104,029	136,741	131,321	127,008	168,543	186,793	152,042
Administration	1,109,817	1,340,126	1,227,229	1,353,809	1,160,256	1,576,573	1,528,109	1,767,225	1,805,945
Other charges	4,804	8,233	11,916	5,289	16,864	23,538	16,045	11,939	21,071
Depreciation	-	4,465	33,662	67,558	76,239	142,092	275,261	295,876	419,151
Total operating expenses	2,097,328	2,600,178	2,046,016	2,295,277	2,364,197	2,852,741	3,172,735	3,360,681	3,321,749
Operating income	1,907,939	1,174,367	1,497,760	1,189,227	1,118,847	634,831	330,011	179,840	150,340
Nonoperating revenue:									
Interest Income	-	-	-	1,213	9,477	31,120	60,794	39,235	5,873
Governmental Grants	-	-	-	-	-	-	-	-	9,822
Miscellaneous	1	-	61	23,452	2	491	-	3,203	(19,583)
Interest on long-term debt	-	-	-	-	-	(4,672)	(106)	(37,254)	(20,751)
Total nonoperating revenue	1	-	61	24,665	9,479	26,939	60,688	5,184	(24,639)
Income before contributions and transfers	1,907,940	1,174,367	1,497,821	1,213,892	1,128,326	661,770	390,699	185,024	125,701
Capital contributions	-	-	-	-	89,058	555,034	-	556,350	421,817
Transfers in	-	-	-	-	-	8,593	9,543	-	-
Transfers out	-	(126,734)	(162,676)	(126,734)	-	(4,215)	(337,500)	-	-
Change in net position	1,907,940	1,047,633	1,335,145	1,087,158	1,217,384	1,221,182	62,742	741,374	547,518
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
Ending net position:									
Net investment in capital assets	99,062	771,687	2,002,495	2,484,986	3,950,070	4,336,742	4,894,032	6,496,175	6,717,478
Unrestricted	1,808,878	2,183,886	1,761,569	2,366,236	2,118,536	2,540,700	2,046,152	1,185,383	1,511,598
Total net position - ending	\$ 1,907,940	\$ 2,955,573	\$ 3,764,064	\$ 4,851,222	\$ 6,068,606	\$ 6,877,442	\$ 6,940,184	\$ 7,681,558	\$ 8,229,076

The Stormwater Fund was created in FY 2013.

(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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Operating revenues:										
Charges for services and other operating revenues	\$ 2,011,159	\$ 2,124,073	\$ 2,235,749	\$ 2,254,531	\$ 2,446,873	\$ 2,522,138	\$ 2,470,025	\$ 2,775,975	\$ 2,533,763	\$ 2,114,485
Intergovernmental	158,129	135,566	136,178	142,601	134,592	119,740	120,048	122,320	844,787	2,558,317
Total operating revenues	2,169,288	2,259,639	2,371,927	2,397,132	2,581,465	2,641,878	2,590,073	2,898,295	3,378,550	4,672,802
Operating expenses: (1)										
Personal services and benefits	917,266	942,087	970,660	1,006,709	1,018,464	1,058,236	1,097,115	1,151,858	1,199,829	980,321
Operation and maintenance	979,812	1,008,265	1,160,643	1,166,823	1,011,546	1,134,897	965,901	1,064,812	1,281,301	1,658,459
Supplies and materials	122,848	113,371	133,670	12,803	137,041	141,930	114,948	145,406	53,306	183,642
Administration	263,522	243,385	233,277	239,614	235,287	258,123	272,997	300,143	282,978	260,306
Other charges	21,416	18,000	16,800	24,384	20,637	27,399	29,752	31,762	28,466	28,242
Depreciation	2,035,816	1,782,786	1,820,883	2,115,435	2,141,357	2,145,813	2,240,282	2,284,681	2,247,024	2,179,385
Total operating expenses	4,340,680	4,107,894	4,335,933	4,565,768	4,564,332	4,766,398	4,720,995	4,978,662	5,092,904	5,290,355
Operating loss	(2,171,392)	(1,848,255)	(1,964,006)	(2,168,636)	(1,982,867)	(2,124,520)	(2,130,922)	(2,080,367)	(1,714,354)	(617,553)
Nonoperating revenues (expenses):										
Interest income	2,658	3,659	2,464	2,254	8,281	21,668	44,361	93,544	92,189	11,660
Passenger facility charges (2)	321,031	-	-	-	-	-	-	-	-	-
Miscellaneous	12,388	16,697	9,040	9,724	20,004	70,047	44,190	10,131	5,976	22,234
Gain (Loss) on disposition of assets	-	137,762	-	-	-	-	12,487	7,032	421	-
Interest on long-term debt	(54,416)	(45,020)	(39,411)	(8,061)	(27,422)	(24,752)	(11,781)	(38,239)	(33,252)	(30,048)
Total nonoperating revenues (expenses)	281,661	113,098	(27,907)	3,917	863	66,963	89,257	72,468	65,334	3,846
Loss before contributions and transfers	(1,889,731)	(1,735,157)	(1,991,913)	(2,164,719)	(1,982,004)	(2,057,557)	(2,041,665)	(2,007,899)	(1,649,020)	(613,707)
Capital contributions	961,868	2,452,072	2,512,162	3,065,217	2,264,831	2,824,123	1,985,329	2,054,429	2,992,979	4,139,246
Passenger facility charges (2)	-	335,209	329,951	323,963	317,503	320,942	338,455	360,123	325,214	233,439
Transfers in	421,362	336,330	218,809	96,600	-	-	13,346	16,432	-	-
Change in net position	(506,501)	1,388,454	1,069,009	1,321,061	600,330	1,087,508	295,465	423,085	1,669,173	3,758,978
Total net position - beginning, as restated (1) (3)	35,003,927	34,497,426	35,885,880	35,756,707	37,077,768	37,678,098	37,858,123	38,153,588	38,576,673	40,245,846
Ending net position:										
Net investment in capital assets	32,131,518	33,305,694	34,631,136	35,973,930	34,496,749	37,058,108	37,141,375	35,473,699	35,181,514	35,326,409
Restricted	119,534	25,193	8,433	7,231	3,478	108,833	46,465	3,621	53,350	53,539
Unrestricted	2,246,374	2,554,993	2,315,320	1,096,607	3,177,871	1,598,665	965,748	3,099,353	5,010,982	8,624,876
Total net position - ending	<u>\$ 34,497,426</u>	<u>\$ 35,885,880</u>	<u>\$ 36,954,889</u>	<u>\$ 37,077,768</u>	<u>\$ 37,678,098</u>	<u>\$ 38,765,606</u>	<u>\$ 38,153,588</u>	<u>\$ 38,576,673</u>	<u>\$ 40,245,846</u>	<u>\$ 44,004,824</u>

(1) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual 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 Comprehensive Annual 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Real Estate	\$ 50,575,233	\$ 54,258,297	\$ 54,360,607	\$ 54,894,485	\$ 55,825,934	\$ 56,473,104	\$ 56,927,450	\$ 57,541,054	\$ 60,268,655	\$ 61,597,048
PSC Taxes	2,188,113	2,333,580	2,313,627	2,267,069	2,371,493	2,419,023	2,522,219	2,596,128	2,608,746	2,738,081
Personal Property Tax	16,138,693	16,757,814	17,578,172	17,578,905	18,390,620	18,747,247	19,635,406	20,347,254	21,556,547	21,619,044
Penalties & Interest	1,032,498	1,142,986	1,241,614	1,299,858	1,198,049	1,385,475	1,275,152	1,218,007	1,154,905	1,236,751
Sales & Use Tax	13,440,973	13,589,747	13,842,292	15,006,326	14,995,131	15,351,346	15,282,741	15,913,730	16,478,533	18,586,355
Utility Tax	4,475,316	4,628,647	4,738,343	4,575,492	4,660,389	4,569,906	4,768,971	4,673,597	4,527,034	4,581,154
Business License Tax	7,539,926	7,810,315	8,391,989	8,535,544	8,464,009	9,258,208	9,095,288	9,398,263	9,553,844	9,294,844
Franchise License Tax	4,527	500	-	-	10,100	500	-	-	-	-
Communication Sales & Use Tax	3,462,621	3,471,805	3,412,734	3,382,915	3,282,767	3,202,076	3,101,975	2,877,715	2,812,099	2,497,779
Motor Vehicle Licenses	1,629,845	1,643,420	1,672,627	1,701,647	1,722,007	1,764,571	1,765,907	1,800,426	1,863,819	1,760,977
Bank Stock Taxes	817,990	722,734	769,284	831,103	836,320	834,986	829,988	953,307	519,806	870,383
Taxes on Recordation and Wills	461,835	549,056	486,321	592,113	504,432	614,673	629,846	694,483	699,608	1,015,647
Tobacco Taxes	974,864	1,025,289	975,078	936,024	900,484	903,846	870,084	846,122	840,871	786,583
Admission and Amusement Taxes	644,842	660,558	662,453	667,212	678,870	762,657	847,388	820,805	624,430	302,249
Hotel and Motel Room Taxes	1,787,719	1,967,393	2,125,145	2,066,200	2,100,391	2,226,551	2,583,241	2,648,042	2,100,355	2,180,981
Restaurant Food Taxes	11,585,083	11,874,579	12,666,743	13,435,756	14,081,199	14,381,667	14,699,512	14,893,353	13,456,401	15,113,084
Total General Government Tax Revenues	\$ 116,760,078	\$ 122,436,720	\$ 125,237,029	\$ 127,770,649	\$ 130,022,195	\$ 132,895,836	\$ 134,835,168	\$ 137,222,286	\$ 139,065,653	\$ 144,180,960

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)	Direct Tax Rate
2012	\$ 3,331,295,800	\$ 1,273,327,200	\$ 344,876,100	\$ 4,949,499,100	1.05
2013	3,349,936,800	1,280,432,600	355,677,600	4,986,047,000	1.11
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	3,417,070,700	1,395,683,100	364,597,600	5,177,351,400	1.11
2018	3,460,374,300	1,404,744,500	362,786,100	5,227,904,900	1.11
2019	3,503,663,800	1,440,950,200	362,489,500	5,307,103,500	1.11
2020	3,709,717,400	1,535,445,000	367,252,100	5,612,414,500	1.11
2021	3,773,293,400	1,561,696,200	361,916,500	5,696,906,100	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.

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			
2012	\$ 3,331,295,800	\$ 1,618,203,300	\$ 182,357,853	\$ 5,131,856,953	1.05	\$ 573,684,320 (4)	\$ 24,189,993	\$ 597,874,313	3.80	\$ 159,096,582 (4)	3.00	\$ 5,888,827,848	7.85	
2013	3,349,936,800	1,636,110,200	184,575,507	5,170,622,507	1.11	586,098,054 (4)	23,632,441	609,730,495	3.80	150,157,140 (4)	3.00	5,930,510,142	7.91	
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	669,819,147 (5)	31,097,593	700,916,740	3.80	158,463,701 (5)	3.00	6,771,041,463	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) 2021 Personal Property Tax Levy in FY 2021. These figures only reflect two of the four billings associated with this levy. These figures will be updated in FY 2022 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.

CITY OF LYNCHBURG, VIRGINIA

TABLE 15

PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2021				2012			
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2021 Total Tax Levy	Percentage of Total Tax Levy	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
AEP - American Electric Power	Utility	\$ 111,729,819	1	1.65 %	\$ 1,245,681	1.32 %	\$ 73,823,326	1	1.27 %
Frito Lay, Inc.	Food Manufacturer	59,290,036	2	0.88	1,296,853	1.38	51,171,394	4	0.88
River Ridge, Ltd.	Shopping Mall	59,604,396	2	0.88	676,280	0.72	46,604,400	6	0.80
Framatome (fmr Areva NP, Inc.)	Nuclear Power Design & Fuel	52,900,797	3	0.78	1,163,063	1.23	59,979,046	2	1.03
Columbia Gas of Virginia, Inc.	Utility	38,816,802	4	0.57	430,908	0.46	-	-	-
Wal-Mart Real Estate Business Trust	Retail	35,039,774	5	0.52	445,049	0.47	35,151,800	8	0.61
Verizon Va, Inc.	Utility	34,395,257	6	0.51	383,492	0.41	58,004,265	3	1.00
REA Lynchburg LLC	Apartments	33,252,969	7	0.49	371,834	0.39	-	-	-
700 Main Street LLC (Pacific Life Insurance)	Office building	26,439,838	8	0.39	358,355	0.38	-	-	-
J Crew Inc.	Clothing	26,620,683	8	0.39	504,623	0.54	-	-	-
C.B. Fleet Co.	Pharmaceuticals	23,732,142	9	0.35	476,158	0.51	-	-	-
Gardens on Timberlake LLC (fmr Carriage Sq)	Apartment complex	23,527,500	9	0.35	261,155	0.28	-	-	-
Genworth Financial, Inc.	Life Insurance	22,836,265	10	0.34	487,082	0.52	41,082,373	7	0.71
CCRC, Inc.	Nursing Home/Assisted Living	21,276,856	11	0.31	243,387	0.26	18,802,100	9	0.32
LU Candler Station Holdings LLC	Shopping Center	21,145,000	11	0.31	234,710	0.25	17,588,400	10	0.30
Azdel Inc	Thermoplastic manufacturer	20,103,985	12	0.30	435,286	0.46	-	-	-
Vistas LP	Apartments	20,309,000	12	0.30	225,430	0.24	-	-	-
Eleven 25 of Virginia	Apartments	19,515,000	13	0.29	206,584	0.22	-	-	-
MMAC FCA (fmr Central Virginia Prof)	Medical Office	17,500,000	14	0.26	194,250	0.21	-	-	-
Virginian Hotel & Restaurant	Hotel/conference center	16,878,191	15	0.25	210,998	0.22	-	-	-
IREIT Lynchburg Lakeside LLC	Shopping Center	16,367,300	16	0.24	181,677	0.19	-	-	-
CL Overlook LP	Apartments	14,865,600	17	0.22	165,008	0.18	-	-	-
Lynchburg Hotel Group	Hotels	14,632,742	17	0.22	182,134	0.19	-	-	-
Lynchburg (Wards Crossing) LLC	Retail	14,150,000	18	0.21	157,065	0.17	-	-	-
L3 Harris Corp.	Radio communications	13,487,692	19	0.20	149,999	0.16	-	-	-
LSC Communications (fmr RR Donnelley)	Periodical Publication Printing	-	-	0.00	-	0.00	48,595,250	5	0.84
Total		\$ 758,417,644		11.20 %	\$ 10,687,061	11.34 %	\$ 450,802,354		7.76 %
Total Assessed Valuation:		\$ 6,771,041,463					\$ 5,806,895,243		
Tax Levy:									
Real Estate		\$ 63,214,175							
Railroads and Pipelines		274,881							
Public Service Corporations		2,461,650							
Personal Property		28,282,305							
Total Tax Levy:		\$ 94,233,011							

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)
2012	\$ 76,467,417	\$ 293,875	\$ 76,761,292	\$ 73,256,961	95.80%	\$ 3,483,618	\$ 76,740,579	99.97%
2013	80,037,980	319,769	80,357,749	77,536,743	96.87%	2,799,090	80,335,833	99.97%
2014	80,297,119	360,598	80,657,717	78,239,826	97.44%	2,393,583	80,633,409	99.97%
2015	81,223,917	374,387	81,598,304	78,731,871	96.93%	2,835,958	81,567,829	99.96%
2016	82,721,284	179,685	82,900,969	80,478,895	97.29%	2,291,377	82,770,272	99.84%
2017	83,923,034	617,276	84,540,310	81,750,492	97.41%	2,611,680	84,362,172	99.79%
2018	85,534,487	661,199	86,195,686	83,113,348	97.17%	2,865,608	85,978,956	99.75%
2019	87,349,894	838,990	88,188,884	84,635,267	96.89%	3,247,615	87,882,882	99.65%
2020	90,985,488	547,351	91,532,839	88,831,389	97.63%	1,932,912	90,764,301	99.16%
2021	94,112,716	(570,858)	93,541,858	90,819,949	96.50%	-	90,819,949	97.09%

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>2012</u>	<u>2013</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>
Real Estate										
Locally Assessed	\$ 1.05	\$ 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	1.05	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	7.85	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 2021
Commissioner of the Revenue for City of Lynchburg, Virginia www.lynchburgva.gov

**TAXABLE RETAIL SALES AND
TAXABLE RETAIL SALES PER CAPITA**

Fiscal Year	Population (1)	Taxable Retail Sales (2)	Taxable Retail Sales Per Capita (2)
2012	77,203	\$ 1,217,552,914	\$ 15,771
2013	77,376	1,240,113,906	16,027
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	81,266	*	*

(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 2020 are all based on calendar year sales published on February 08, 2021.

(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**

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<u>Water</u>										
Volume Rate/hcf*	\$ 2.29	\$ 2.38	\$ 2.38	\$ 2.43	\$ 2.43	\$ 2.55	\$ 2.68	\$ 2.68	\$ 2.68	\$ 2.68
Hydrant charge or 8" or smaller fire line	19.79	19.79	19.79	19.79	19.79	20.58	20.58	20.58	20.58	20.58
10" fire line	35.53	35.53	35.53	35.53	35.53	36.95	36.95	36.95	36.95	36.95
12" fire line	56.38	56.38	56.38	56.38	56.38	58.64	58.64	58.64	58.64	58.64
<u>Sewer</u>										
Volume Rate/hcf*	\$ 5.65	\$ 5.65	\$ 5.65	\$ 5.65	\$ 5.83	\$ 6.02	\$ 6.02	\$ 6.02	\$ 6.02	\$ 6.14

* hundred cubic feet

Monthly Service Charge Table

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<u>Meter Size</u>										
5/8"	\$ 3.69	\$ 3.69	\$ 5.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69
3/4"	3.69	3.69	6.69	9.69	9.69	9.69	9.69	9.69	9.69	9.69
1"	3.69	3.69	8.69	13.69	13.69	13.69	13.69	13.69	13.69	13.69
1-1/2"	3.69	3.69	13.69	23.69	23.69	23.69	23.69	23.69	23.69	23.69
2"	3.69	3.69	19.69	35.69	35.69	35.69	35.69	35.69	35.69	35.69
3"	3.69	3.69	33.69	63.69	63.69	63.69	63.69	63.69	63.69	63.69
4"	3.69	3.69	63.69	123.69	123.69	123.69	123.69	123.69	123.69	123.69
6"	3.69	3.69	123.69	243.69	243.69	243.69	243.69	243.69	243.69	243.69
8"	3.69	3.69	183.69	363.69	363.69	363.69	363.69	363.69	363.69	363.69
10"	3.69	3.69	303.69	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	Capital Leases	Net Deferred Amounts ⁽²⁾	General Obligation Bonds	Direct Borrowings ⁽¹⁾	General Obligation Notes	Public Utility Revenue Bonds	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⁾
2012	120,078	-	-	2,120	4,285	3,007	63,936	-	80	127,973	2,000	318,472	323,479	11.91%	4,190
2013	114,209	-	-	1,940	-	2,763	59,864	-	5,194	122,876	1,849	304,083	308,695	11.42%	3,990
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	11.77%	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	11.31%	4,669

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 2021 and FY 2020, the FY 2019 amount for per capita personal income of \$41,265 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)
2012	77,203	5,888,828 (5)	188,379	5,007	193,386	3.28%	2,505	64,016	2,000	127,370	2.16%
2013	77,376	5,930,510 (5)	179,267	4,612	183,879	3.10%	2,376	65,058	1,849	116,972	1.97%
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	81,266	6,771,041 (6)	246,436	21,083	267,519	3.95%	3,292	72,518	6,234	188,767	2.79%

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 2022 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 2021

Real Property Assessed Value	\$ 5,696,906
Public Service Corporations Real Property Assessed Value	214,755
Total Real Property Assessed Value (1)	<u>5,911,661</u>
Debt limit (10% of assessed value)	591,166
Debt applicable to limit:	
Less: General Obligation Debt	(246,436)
Legal Debt Margin	<u><u>\$ 344,730</u></u>

Description	Fiscal Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 513,186	\$ 517,062	\$ 516,248	\$ 520,266	\$ 532,834	\$ 536,633	\$ 542,171	\$ 551,301	\$ 581,317	\$ 591,166
Total net debt applicable to limit	<u>184,094</u>	<u>179,267</u>	<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>
Legal debt margin	<u><u>\$ 329,092</u></u>	<u><u>\$ 337,795</u></u>	<u><u>\$ 338,487</u></u>	<u><u>\$ 263,336</u></u>	<u><u>\$ 264,591</u></u>	<u><u>\$ 283,979</u></u>	<u><u>\$ 277,639</u></u>	<u><u>\$ 294,154</u></u>	<u><u>\$ 324,143</u></u>	<u><u>\$ 344,730</u></u>
Total net debt applicable to the limit as a percentage of the debt limit	35.87%	34.67%	34.43%	49.38%	50.34%	47.08%	48.79%	46.64%	44.24%	41.69%

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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Sewer Fund Operating Income	\$ 3,156,073	\$ 4,194,605	\$ 3,613,392	\$ 3,013,600	\$ 3,450,629	\$ 4,269,364	\$ 4,000,011	\$ 4,384,930	\$ 3,474,334	\$ 3,162,627
Plus:										
Depreciation & amortization	5,819,288	6,147,918	7,049,861	7,584,388	7,635,836	7,888,946	7,898,587	8,037,676	8,131,718	8,434,452
Interest income received	167,849	102,589	108,729	73,142	85,086	124,705	241,852	409,567	350,086	79,817
Capital contributions from members										
Regional Sewerage Treatment Plant	451,645	480,922	614,353	1,015,339	525,856	616,250	549,989	504,507	1,027,533	592,329
Governmental grants & miscellaneous income	125,336	105,666	21,929	10,400	11,821	19,824	47,687	47,717	270,958	53,235
Intergovernmental transfer (3)	688,036	-	126,734	126,734	126,734	-	-	-	-	-
Capitalized cost (2)	258,186	220,691	159,026	151,044	131,088	163,662	135,257	103,546	114,211	124,984
Net Revenue per Indenture (1)	<u>#####</u>	<u>\$11,252,391</u>	<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>
Debt Service										
General obligation bonds										
Principal (5) (6)	\$ 2,061,150	\$ 2,053,469	\$ 1,860,166	\$ 1,962,544	\$ 1,990,110	\$ 2,059,474	\$ 1,863,830	\$ 1,607,228	\$ 1,384,934	\$ 1,326,351
Interest	1,053,216	961,054	908,213	1,058,566	1,046,664	891,725	987,085	1,052,708	1,100,070	1,059,949
Total	3,114,366	3,014,523	2,768,379	3,021,110	3,036,774	2,951,199	2,850,915	2,659,936	2,485,004	2,386,300
Revenue bonds										
Principal (4)	4,627,820	5,096,949	5,597,966	6,034,143	6,238,057	6,274,745	6,312,571	6,351,572	5,816,174	6,055,995
Interest	306,510	273,917	240,312	210,084	174,501	137,815	99,989	60,988	20,775	5,345
Total	4,934,330	5,370,866	5,838,278	6,244,227	6,412,558	6,412,560	6,412,560	6,412,560	5,836,949	6,061,340
Total Debt Service Principal and Interest	<u>\$ 8,048,696</u>	<u>\$ 8,385,389</u>	<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>
Debt Coverage	<u>1.33</u>	<u>1.34</u>	<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>

(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 THREE FISCAL YEARS**

	Fiscal Year		
	2019	2020	2021
Stormwater Fund Operating Income	\$ 330,011	\$ 179,840	\$ 150,340
Plus:			
Depreciation & amortization	275,261	295,876	419,151
Interest income received	60,794	39,235	5,873
Governmental grants & miscellaneous income	-	3,203	(9,761)
Intergovernmental transfer (1)	(337,500)	-	
Capitalized cost (2)	33,883	48,319	33,256
Net Revenue per Indenture	<u>\$ 362,449</u>	<u>\$ 566,473</u>	<u>\$ 598,859</u>
Debt Service			
General obligation bonds			
Principal	\$ -	\$ -	\$ 15,000
Interest	106	28,374	22,623
Total	106	28,374	37,623
Revenue bonds			
Principal	40,331	67,142	93,950
Interest	-	-	-
Total	40,331	67,142	93,950
Total Debt Service Principal and Interest	<u>\$ 40,437</u>	<u>\$ 95,516</u>	<u>\$ 131,573</u>
Debt Coverage	<u>8.96</u>	<u>5.93</u>	<u>4.55</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)
2012	77,203	2,729,666	35,357	30.3	8,688	6.1
2013	77,376	2,723,480	35,198	30.3	8,576	5.7
2014	77,874	2,851,045	36,611	30.3	8,583	5.3
2015	78,675	2,952,043	37,522	30.3	8,577	4.5
2016	79,531	3,001,341	37,738	30.3	8,566	4.1
2017	80,380	3,130,640	38,948	30.3	8,500	3.7
2018	81,339	3,285,608	40,394	30.3	8,438	3.0
2019	80,783	3,333,510	41,265	28.3	8,286	2.8
2020	81,266	*	*	28.3	8,238	8.1
2021	81,266	*	*	*	7,961	4.8

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 2020 based on a July 1st estimate published on February 08, 2021.

(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 17, 2020.

The Table has been revised to reflect these changes.

(4) United States Census - 2010

(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 01, 2021 2011-2020 Unemployment Rate have been adjusted to reflect the most current data available.

<https://data.bls.gov/timeseries/LASST510000000000003> | <https://www.bls.gov/news.release/metro.t01.htm>

* Information unavailable

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2021	2012
	Employees (3)	Employees (4)
Centra Health, Inc.	5000-5999	5,593
Liberty University (2)(5)	4000-4999	4,620
Lynchburg City Schools	1500-1999	1,381
City of Lynchburg	1000-1499	1,183
Framatome (9)	1000-1499	2,000
J. Crew Outfitters	1000-1499	1,100
Genworth Financial Inc.	500-999	1,600
Horizon Behavioral Health (1)	500-999	
KDC (7)	500-999	
Kroger, Inc.	500-999	607
Southern Air, Inc.	500-999	
University of Lynchburg (6)	500-999	454
Wal-Mart Stores, Inc.	500-999	660
Belvac Production Machinery	250-499	
C.B. Fleet Company, Inc.	250-499	
Central Virginia Community College	250-499	
Cocentrix	250-499	
Delta Star, Inc.	250-499	
Flowserve Corp.	250-499	
Frito-Lay, Inc.	250-499	
L3Harris	250-499	
Pacific Life	250-499	
Randolph College	250-499	
US Pipe	250-499	
Westminster-Canterbury	250-499	
Aerofin Corporation	100-249	
Bausch & Lomb	100-249	
BB&T	100-249	
BWXT (10)	100-249	
Flowers Baking Company	100-249	
Hanwha Azdel	100-249	
International Paper (8)	100-249	
Lowes	100-249	
Masterbrand	100-249	
News & Advance	100-249	
Ortho Virginia	100-249	
Tessy Plastics	100-249	
Thomas Road Baptist Church	100-249	
Virginia Department of Transportation	100-249	
Wells Fargo Bank	100-249	
Employed Civilian Labor Force (June 2021) Lynchburg City - Virginia		
Employment Commission		32,791
Employed Civilian Labor Force (June 2012) Lynchburg City - Virginia		
Employment Commission		32,851

Source: FY2021 numbers are derived from Office of Economic Development, City of Lynchburg, VA, or employer contact, as of June 30, 2021.

Source: FY2012 numbers are derived from City of Lynchburg Annual Report.

- (1) Formerly Central Virginia Community Services
- (2) Liberty University operates an online higher education institution, and as a result a number of employees live outside of the City.
- (3) Beginning in FY2013 ranges were used for employee count due to privacy issues, as well as availability of data from employers.
- (4) Numbers as reported in the FY2012 Annual Financial Report.
- (5) Combined numbers for TRBC and Liberty University for 2012
- (6) Formerly Lynchburg College
- (7) Formerly Tri-Tech Laboratories
- (8) Formerly Weyerhaeuser
- (9) Formerly Areva
- (10) Formerly Babcock & Wilcox

**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
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ⁽¹⁾
Primary government:										
Council Manager Offices	8.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	8.0	8.0
Parking Division	4.5	5.0	5.0	5.7	5.7	5.7	5.7	5.7	5.7	5.7
City Assessor	10.0	10.0	9.6	9.6	9.0	9.0	9.0	9.0	9.0	9.0
City Attorney	6.9	6.9	6.9	6.9	6.9	6.9	6.9	7.9	7.9	7.9
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	4.4	4.4	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	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Citizens First Customer Service Center	3.5	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Financial Services	42.0	42.0	41.7	41.7	41.7	40.7	39.0	39.0	38.5	38.5
Financial Services-Human Services ⁽²⁾	8.8	7.8	6.0	5.7	5.7	-	-	-	-	-
Human Resources	10.0	10.0	10.0	9.6	9.6	9.6	9.5	9.6	8.7	7.7
Information Technology	31.0	30.0	30.0	30.0	32.0	32.0	32.0	33.8	33.6	33.6
Internal Audit ⁽³⁾	2.0	-	-	-	-	-	-	-	-	-
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)	1.3	1.3	1.5	1.5	1.5	1.5	1.5	1.5	1.5	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	0.7
Risk Management Fund	3.0	3.0	3.0	2.9	2.9	2.9	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
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)	15.9	14.9	14.9	15.2	14.0	14.0	14.0	14.0	14.0	14.0
Commonwealth Attorney (City)	0.8	2.8	2.8	1.7	2.2	5.7	4.8	3.8	4.8	5.0
Sheriff (State)	23.0	23.0	22.0	22.0	22.0	21.0	19.0	18.0	17.0	17.0
Sheriff (City)	7.4	7.4	8.6	8.0	8.4	8.4	8.3	8.4	8.4	11.3
Regional Juvenile Detention Center Fund	47.3	46.1	45.1	45.1	45.1	41.1	44.1	44.1	45.1	45.1
Police Department	202.7	197.9	199.8	199.8	200.8	204.3	204.0	207.1	207.1	206.3
Emergency Services	32.0	35.0	35.6	35.6	36.6	36.6	36.6	36.6	36.6	36.6
Fire Department	187.0	185.0	187.5	187.5	189.5	189.5	189.5	189.5	189.5	189.5
Public Works Administration	11.0	10.0	10.0	10.7	10.7	10.0	10.0	10.0	10.0	10.0
Buildings and Grounds Maintenance	76.2	71.8	72.3	72.3	74.2	74.3	74.3	74.3	72.3	72.3
Engineering Division	32.7	30.8	30.7	31.2	32.2	32.2	32.7	32.7	33.7	33.7
Street, Traffic, and Refuse Maintenance	52.4	52.2	47.5	48.5	46.3	47.0	46.2	46.2	46.9	48.9
Health and Human Services	169.9	164.4	170.1	167.9	170.5	176.3	173.3	175.3	177.3	177.3
Cultural and Recreational	96.7	91.2	97.4	94.6	97.0	95.0	94.0	85.2	80.5	92.0
Community Development	23.8	22.1	22.0	22.0	23.0	23.0	23.8	23.8	24.3	25.3
Economic Development, Tourism, and Visitor Center ⁽⁴⁾	-	-	-	-	12.3	12.3	9.8	19.8	18.7	18.5
Economic Development ⁽⁴⁾	3.0	3.0	3.0	3.0	-	-	-	-	-	-
Tourism and Visitor Center ⁽⁴⁾	-	-	3.9	11.8	-	-	-	-	-	-
Fleet Services Fund	11.0	11.5	10.5	11.0	10.6	11.1	11.4	11.4	10.0	11.4
Business-type activities:										
Airport Fund	17.7	17.7	17.7	17.7	17.7	17.7	17.7	18.3	18.3	19.2
Water Fund	68.4	66.1	69.1	69.0	70.4	72.4	73.4	75.4	77.4	77.4
Sewer Fund	55.0	50.4	52.5	52.5	53.5	55.5	55.5	56.5	56.5	56.4
Stormwater Fund ⁽⁵⁾	-	5.8	5.8	7.1	7.1	9.1	9.0	10.1	11.1	11.1
Source: Adopted Budget Documents, City of Lynchburg, Virginia	1,299.3	1,269.0	1,285.9	1,291.2	1,302.5	1,309.4	1,304.4	1,316.4	1,314.8	1,333.1

(1) FY2021 actual will be available with the FY2022 adopted budget.

(2) Financial Services-Human Services joined with Health and Human Services in FY2017.

(3) Internal Audit was closed in FY2013.

(4) Tourism and Visitor Center were formed in FY2014 and joined with Economics Development in FY2016.

(5) The Stormwater Fund began in FY2013.

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Physical Arrests (6)	6,879	6,835	5,927	5,435	5,047	4,608	4,614	5,084	5,014	4,703
Traffic Violations	12,506	12,483	10,366	10,344	8,581	5,667	5,887	6,064	5,746	4,323
Parking Violations (7)	6,338	4,481	4,854	6,812	5,718	6,642	5,916	5,807	4,954	4,635
Fire (2)										
Number of Fire calls answered (per month)	511	315	268	241	277	296	284	175	220	195
Number of inspections conducted (3) (4) (5) (8)	469	254	291	192	441	332	465	587	519	365
Number of EMS calls	14,393	20,612	20,113	19,426	19,169	19,296	15,509	11,776	12,190	12,931
Sanitation and Refuse										
Refuse collected (tons/day)	70.14	72.96	65.58	55.70	63.17	65.37	65.50	69.53	61.27	67.47
Recyclables collected (tons/day)	6.85	6.46	5.26	4.10	7.09	6.04	5.27	4.27	5.59	4.41
Airport										
Total number of passengers	152,064	157,450	157,074	153,729	154,218	159,523	157,452	172,449	147,139	109,328
Sewage										
Number of service connections (1)	18,785	18,916	19,057	19,060	19,083	19,149	19,186	19,363	19,493	19,606
Average daily treatment in million gallons	10.57	10.35	12.20	11.33	12.97	11.19	11.53	14.80	12.71	14.45
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)	22,422	22,517	22,628	22,640	22,716	22,786	22,807	22,982	23,119	23,214
Average daily consumption of plant in million gallons	10	10	10	10	11	11	10	10	10	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 for FY2012 have been revised to exclude 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.
(8) In FY2021, fewer field employees were available to conduct off-duty inspections due to the pandemic and staffing issues.

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units (7)	57	57	57	60	83	91	81	116	114	90
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection Trucks	16	22	22	20	20	19	21	19	18	23
Highways and Streets										
Street (miles)	378.61	378.61	379.36	378.10	378.95	378.95	381.32	381.32	383.53	384.50
Streetlights	9,982	10,167	10,287	10,347	10,347	10,378	10,504	10,521	10,535	10,649
Traffic signals	119	120	120	121	120	116	113	113	113	104
Culture and Recreation										
Community centers	7	6	7	7	7	6	6	6	7	7
Senior centers	1	1	1	1	1	1	1	1	1	1
Parks (10)	21	21	21	21	21	21	21	21	21	21
Parks acreage (1)	948	948	948	948	948	948	948	948	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	3,156	3,177	3,204	3,210	3,230	3,253	3,289	3,303	3,347	3,364
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)	10.57	10.35	12.20	11.33	12.97	11.19	11.53	14.80	12.71	14.45
Maximum daily sewage treatment (MGD)	31.68	31.03	39.07	30.47	38.82	32.95	47.04	55.40	33.80	33.82
Transit - route service buses (4)	39	39	39	39	39	39	39	39	39	34
Transit - paratransit service buses (5)	10	14	14	14	17	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) The increase in the number of route service buses through FY2020 is due to additional route covered according to the agreement with Liberty University.
- (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**

Student Enrollment, Employees and Schools by Fiscal Year										
Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary School Membership	3,987	3,975	4,020	3,921	3,982	3,985	3,839	3,723	3,683	3,420
Secondary School Membership	4,317	4,133	4,171	4,216	4,191	4,270	4,213	4,258	4,250	4,245
Total Membership	8,304	8,108	8,191	8,137	8,173	8,255	8,052	7,981	7,933	7,665
Instructional and Administrators (1)	851	836	850	967	1,019	994	948	1,003	1,018	1,046
Support (1)	478	505	458	426	434	479	404	373	389	349
Total Employees	1,329	1,341	1,308	1,393	1,453	1,473	1,352	1,376	1,407	1,395
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	16	16	16	16	16	16	16	16	16	16

(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)**

Grade	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
K	740	735	732	567	667	670	636	630	664	543
1	705	720	738	719	701	653	664	625	614	615
2	676	662	692	696	677	695	630	626	595	565
3	643	643	619	658	675	675	624	594	610	564
4	615	601	642	638	637	662	653	623	585	574
5	608	614	597	643	625	630	632	625	615	559
6	621	609	604	615	619	630	591	626	604	600
7	586	608	607	608	597	616	609	595	627	591
8	593	567	613	585	597	613	595	601	564	629
9	669	629	599	639	610	641	646	660	636	618
10	580	623	609	596	619	595	623	632	643	624
11	625	534	606	612	591	605	549	587	600	604
12	643	563	533	561	558	570	600	557	576	579
Total	8,304	8,108	8,191	8,137	8,173	8,255	8,052	7,981	7,933	7,665

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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 19, 2021.

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. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 2021-001.**

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
November 19, 2021

**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

We have audited the City of Lynchburg, Virginia's (the "City") compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Lynchburg, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 19, 2021

**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

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, 2021.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we consider necessary in the circumstances.

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

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the Program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the Program. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the Program to determine the auditing procedures for the purpose of expressing an opinion on compliance, 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 19, 2021

CITY OF LYNCHBURG, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2021

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
Stormwater Utility Program
Urban Highway Maintenance
Fire Programs Aid to Localities

State Agency Requirements

Education
Social Services

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, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** 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** 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 major programs**.
7. The major programs of the City are:

Name of Program	Assistance Listing #
COVID-19 – Coronavirus Relief Fund	21.019
Adoption Assistance – Title IV–E	93.659
Airport Improvement Program	20.106

8. The **threshold for** distinguishing Type A and B programs was **\$1,782,122**.
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**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

CITY OF LYNCHBURG, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021**

C. FINDINGS – COMMONWEALTH OF VIRGINIA

2021-001: Budget Appropriations

Condition:

The School Operating Fund expenditures exceeded budgeted appropriations in certain lines at the functional level for the year ended June 30, 2021.

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:

There was a late recording of the City's CARES contribution of \$2,007,444. Initial discussion with the City was that the accounting would remain on the City side. There was no revenue transfer to the Schools and all purchases were processed through City finance. In August, after the fiscal year ended, it was determined that it would be best to show the revenue and expenses in the Schools accounts. We were in complete agreement with this decision however, this was decided after the fiscal year had ended and the budget had never been adopted by the Board. The Board was aware of the contribution and we provided them with spending updates throughout the year. The overage at the functional level was a result of a decision made after fiscal year end to record this contribution and expenses. This was a one time contribution and should not impact future years.

D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

E. FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY CHARGE PROGRAM

None.