

**CITY OF  
LYNCHBURG, VIRGINIA**

Annual Comprehensive Financial Report  
for the fiscal year ended June 30, 2025



**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

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*FISCAL YEAR ENDED JUNE 30, 2025*

**CITY OF LYNCHBURG,  
VIRGINIA**

Prepared by:  
Financial Services



CITY OF LYNCHBURG, VIRGINIA

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## **INTRODUCTORY SECTION**





THE CITY OF LYNCHBURG  
**OFFICE OF THE CITY MANAGER**

900 Church Street  
Lynchburg, VA 24504

December 2, 2025

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

The Annual Comprehensive Financial Report (ACFR) for the City of Lynchburg, Virginia, (City) for the year ended June 30, 2025, is hereby submitted in accordance with the *City Code* and State statutes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. With reasonable assurance, based upon a comprehensive framework of internal controls, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows, as applicable, of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

City Council has approved Debt Management, Fund Balance, Budget, and Investment policies to guide fiscal decision-making and to ensure continued strong financial health. These policies were revised and reaffirmed

by City Council in January 2023. During the fiscal year, adherence to these financial policies guide the City's management of its investment portfolio, the maintenance of budget reserve levels, and the development of the Capital Improvement Program.

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

The City of Lynchburg was incorporated in 1805 by the Virginia General Assembly and became an independent city in 1852. Encompassing 50 square miles, Lynchburg is located adjacent to Amherst, Bedford, and Campbell Counties, on the eastern edge of the beautiful Blue Ridge Mountains, and is within 54 miles of the geographic center of the Commonwealth of Virginia. The County of Appomattox is also included in the Lynchburg Metropolitan Statistical Area. With an estimated population of 81,782, Lynchburg is an important commercial center for the four-county region known as Central Virginia. It serves a regional population of just over 267,000 and benefits from an economy that remains diversified among the manufacturing, health services, technology, retail, trade, and higher education sectors. The City is home to five colleges and universities with a sixth in Amherst County.

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

## **Local Economic Condition and Outlook**

Lynchburg is a city that makes things and produces talent for the world. Top industries include nuclear engineering, manufacturing, healthcare and social assistance, retail trade, and higher education. With five colleges and universities, Lynchburg's professional and knowledge economy is driven by "meds and eds." These sectors of the local economy are known as "Anchor Institutions." Additionally, there is a large manufacturing base and the nuclear workforce is above the national average. Sports tourism has grown to include the Professional Disc Golf Association World Championship in Fall 2024 with a contract for the Disc Golf Pro Tour Championship in October 2025. Combined, these contribute to the growth of the hospitality and tourism sectors with Lynchburg being the central entertainment, visitor, and employment hub for the region.

The Lynchburg business community continues to lead the regional economy with significant capital investment and job creation. In Spring 2025 Delta Star announced a \$35 million investment to expand their Lynchburg operations. The expansion will create 300 jobs. In Summer 2025 Delta Star opened a \$30 million, 80,000 square foot steel fabrication facility which added 155 new jobs by June 2024.

The City continues to maintain its role as an employment and commercial center for Central Virginia. In FY 2025, real property values reflected additional growth based on new construction after the reassessment in 2023 (effective FY 2024). Personal property assessments experienced additional growth over FY 2024 due to the inflated cost of vehicles combined with more availability. Consumption driven revenues, including sales, meals, and lodging taxes, reflected limited growth over FY 2024 due to higher inflation. Looking ahead, real property assessments will increase again with the 2025 reassessment and personal property values are projected to grow slightly compared to FY 2025, again, due to continued inflation.

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

Through collaborative meetings between City Council and the City Manager, City Council identified priorities to move Lynchburg forward in the areas of Public Safety, Infrastructure, Lifelong Learning, Economic Development, and Quality of Life.

## **Major Initiatives and Accomplishments**

### *Education*

With the adoption of the FY 2026 Budget in June 2025, the City committed \$64.9 million over three years to support Lynchburg City School (LCS) facility maintenance and infrastructure. This is the largest investment in LCS since the construction of Heritage High School in 2017.

### *Infrastructure*

Infrastructure improvements in FY 2025 included the opening of a 96,000 square foot state-of-the-art Police Department Headquarters, the completion of the removal of College Lake Dam, and the continuation of the Streetscape Improvements Downtown project. Groundbreaking for the City's new amphitheater on the riverfront occurred in Spring 2024 with completion anticipated in early 2026.

### *Fleet Services*

The City of Lynchburg's Department of Fleet Services has once again earned national acclaim, ranking fifth in the National Association of Fleet Administrator's (NAFA) 100 Best Fleets competition for both 2024 and 2025. This marks the third consecutive year of recognition.

### *Technology*

The City of Lynchburg was once again recognized nationally as a leader in using information technology to assist in service delivery. In its annual Digital Cities Survey, conducted in 2024, e. Republic's Center for Digital Government and Digital Communities Program ranked Lynchburg fifth in the nation among city governments in the 75,000 – 124,999 population category. Lynchburg has been ranked in the top ten since 2004, ranking first for communities of its size in four of those years.

### *Transportation*

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

The City is also served by the Lynchburg Regional Airport (LRA), a Federal Aviation Administration-designated small non-hub commercial airport with a full array of aeronautical services including emergency med-flight services, flight training, aircraft maintenance and avionics and fuel services.

### *Water Resources*

Since the project in 2024, Water Resources has overseen the excavation of about 2,000 linear feet of Blackwater CSO Tunnel. Once complete, the nearly mile-long tunnel will temporarily store excess sewage and stormwater during major rain events. -This project is expected to bring the City to a 98% reduction in CSO overflow volume since the program began in 1979.

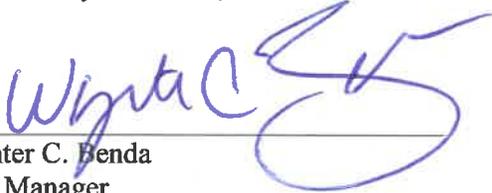
### Prospects for the Future

As the City moves forward in an ever-changing environment, it faces many challenges as a central city. With a growing population, over 28,000 degrees and certificates conferred, and expanded tourism events for both groups and sports, the City remains livable, affordable, and beautiful with a strong sense of inclusion and community.

### Acknowledgments

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

Respectfully submitted,

  
\_\_\_\_\_  
Wynter C. Benda  
City Manager

  
\_\_\_\_\_  
Donna S. Witt  
Chief Financial Officer

**CITY OF LYNCHBURG, VIRGINIA**  
**COUNCIL-MANAGER FORM OF GOVERNMENT**

**DIRECTORY OF PRINCIPAL OFFICIALS**

**June 30, 2025**

**CITY COUNCIL**

Larry Taylor, Mayor, At-Large

Curt Diemer, Vice Mayor, Ward III  
Chris Faraldi, Ward IV  
Jacqueline Timmer, Ward I

Sterling Wilder, Ward II  
Stephanie Reed, At-Large  
Marty Misjuns, At-Large

**CITY OFFICIALS**

Wynter Benda  
Gregory Patrick  
Kent White  
Matthew Freedman  
Donna Witt, CPFO

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

**SCHOOL BOARD**

Dr. Atul Gupta, Chair

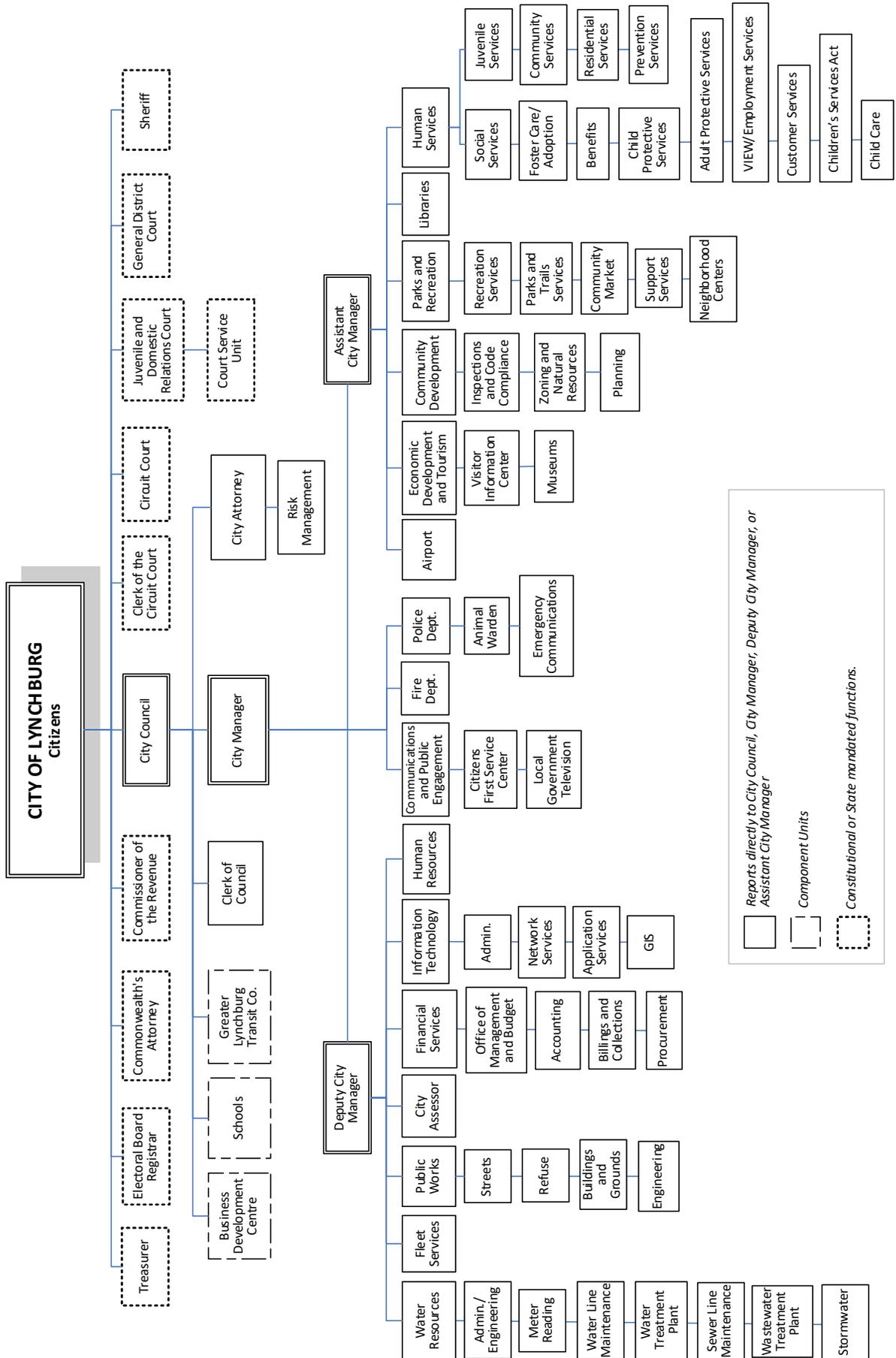
Dr. Martin Day, Vice Chair  
Mr. Daryl Conner  
Ms. Letitia Lowery  
Mr. Farid Jalil

Mr. Anthony Andrews  
Mr. Christian DePaul  
Dr. Mark Tinsley  
Mrs. Gloria Preston

**SCHOOL BOARD OFFICIALS**

Dr. Ben Copeland  
Ms. Amy Pugh  
Dr. Reid Wodicka  
Ms. Sonia Jammes

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



## **FINANCIAL SECTION**



## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

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

#### *Change in Accounting Principle*

As described in Note 9 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*; our opinion is not modified with respect to this matter.



## *Responsibilities of Management for the Financial Statements*

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

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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



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

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lynchburg's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and passenger facility charges schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the

basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
December 2, 2025

## **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, 2025. 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, 2025 by \$659.4 million (net position). Unrestricted net position of \$39.3 million represented \$5.6 million for governmental activities, which included the general fund, and \$33.7 million for business-type activities, which included the enterprise funds (water, sewer, stormwater, and airport).
- The general fund's unassigned fund balance of \$47.4 million was 20.3% of total general fund revenues, which were \$233.4 million. This was \$24.1 million more than the City Council adopted unassigned fund balance policy requirement of 10%, or \$23.3 million.
- In comparison with the prior fiscal year, the City's total net position increased 7.7%, or \$47.4 million, from FY 2024. Net position of governmental activities increased 6.0 %, or \$18.1 million, from FY 2024; and, net position of business-type activities increased 9.4%, or \$29.3 million. The Schools' component unit total net position of (\$60.1) million increased 2.1%, or \$1.3 million from FY 2024.
- The City's total revenues of \$359.2 million increased 9.3%, or \$30.5 million, and total expenses of \$311.8 million increased 8.7%, or \$24.9 million, from FY 2024. General revenues of \$183.8 million were \$47.4 million more than the expenses net of program revenues of \$136.4 million.
- For the current fiscal year, the City's total liabilities and deferred inflows of resources of \$622.4 million decreased \$7.0 million from FY 2024.
- The City decreased its overall debt by \$0.9 million. Governmental activities decreased by \$3.2 million and business-type activities increased by \$2.3 million. This includes the issuance of new debt totaling \$21.1 million, of which \$8.6 million was for governmental activities and \$12.5 million was for business-type activities. Debt retirements, through a combination of planned retirements and lease payments, totaled \$22.0 million; of which \$11.8 million was for governmental activities and \$10.2 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 Services.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis is intended to serve as an introduction to the City of Lynchburg's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements including budgetary comparisons.

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

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

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

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

## **FUND FINANCIAL STATEMENTS**

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

### **Governmental Funds**

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

### **Proprietary Funds**

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

### **Custodial Funds**

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

### **Notes to the Financial Statements**

The Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Other Information**

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

The combining and individual fund statements and schedules for all nonmajor funds include the governmental, special revenue, and capital projects funds. Budget to actual statements are provided for governmental and special revenue funds with legally adopted budgets. The City's and the Schools' financial statements are included in one Annual Comprehensive Financial Report. The Greater Lynchburg Transit Company and the Business Development Centre, Inc. issue separate reports. Other Supplementary Information for the City and Schools includes a Statistical Section, Schedule of Expenditures of Federal Awards, and Schedules of Passenger Facility Charges Revenues and Expenditures.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

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

**Summary of Statement of Net Position**  
**As of June 30, 2025/2024**  
**(in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government		Percentage Change 2025-2024	Component Unit Schools	
	2025	2024	2025	2024	2025	2024		2025	2024
Current and other assets	\$ 184.9	\$ 215.0	\$ 68.3	\$ 64.9	\$ 253.2	\$ 279.9	-10%	\$ 17.1	\$ 20.2
Capital assets	494.0	467.0	494.2	461.4	988.2	928.4	6%	5.6	9.6
Net pension asset	-	-	-	-	-	-	-	0.6	0.8
Total assets	<u>678.9</u>	<u>682.0</u>	<u>562.5</u>	<u>526.3</u>	<u>1,241.4</u>	<u>1,208.3</u>	3%	<u>23.3</u>	<u>30.6</u>
Total deferred outflows of resources	<u>34.9</u>	<u>28.6</u>	<u>5.5</u>	<u>4.5</u>	<u>40.4</u>	<u>33.1</u>	22%	<u>25.8</u>	<u>22.1</u>
Long-term liabilities	321.2	326.5	210.4	207.9	531.6	534.4	-1%	76.4	81.3
Other liabilities	26.5	34.3	12.9	7.0	39.4	41.3	-5%	15.1	18.6
Total liabilities	<u>347.7</u>	<u>360.8</u>	<u>223.3</u>	<u>214.9</u>	<u>571.0</u>	<u>575.7</u>	-1%	<u>91.5</u>	<u>99.9</u>
Total deferred inflows of resources	<u>47.3</u>	<u>49.1</u>	<u>4.1</u>	<u>4.6</u>	<u>51.4</u>	<u>53.7</u>	-4%	<u>17.7</u>	<u>14.2</u>
Net Position									
Net investment in capital assets	305.5	273.4	306.9	277.7	612.4	551.1	11%	5.3	6.5
Restricted for Capital projects	3.3	7.7	-	-	3.3	7.7	100%	-	-
Restricted for Grants and other	4.4	2.3	-	-	4.4	2.3	91%	-	-
Net pension asset	-	-	-	-	-	-	0%	0.6	0.8
Unrestricted	<u>5.6</u>	<u>17.3</u>	<u>33.7</u>	<u>33.6</u>	<u>39.3</u>	<u>50.9</u>	-23%	<u>(66.0)</u>	<u>(68.7)</u>
Total net position	<u>\$ 318.8</u>	<u>\$ 300.7</u>	<u>\$ 340.6</u>	<u>\$ 311.3</u>	<u>\$ 659.4</u>	<u>\$ 612.0</u>	8%	<u>\$ (60.1)</u>	<u>\$ (61.4)</u>

The City's total net position of \$659.4 million increased 7.7%, or \$47.4 million, from FY 2024.

Net investment in capital assets of \$612.4 million was 92.8% of total net position and increased 11.0%, or \$61.3 million. Net position invested in capital assets was not available for future expenses because the assets are facilities, equipment, and infrastructure, etc. utilized to provide services. Please refer to Notes 8 and 9 of this report and the MD&A's capital assets and long-term debt sections.

The City has unrestricted net position of \$39.3 million, which is comprised of 14.0%, or \$5.6 million, for governmental activities, and 86.0%, or \$33.7 million, for business-type activities. Unrestricted net position available for providing services to the citizens decreased 22.8%, or \$11.6 million from FY 2024. Restricted net position of \$7.7 million primarily consists of grant funds restricted mainly for public safety and health and human services.

The Schools' component unit total net position of (\$60.1) million increased 2.0%, or \$1.3 million from FY 2024. Unrestricted net position of (\$66.0) million increased 3.9%, or \$2.7 million from FY 2024.

## 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, 2025/2024 (in millions)*

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2025	2024	2025	2024	2025	2024		2025	2024
Revenues:									
Program Revenues:									
Charges for services	\$ 18.7	\$ 19.0	\$ 58.4	\$ 55.8	\$ 77.1	\$ 74.8	3%	\$ 2.4	\$ 2.3
Operating grants/contributions	62.0	56.7	0.4	1.9	62.4	58.6	6%	106.5	104.8
Capital grants/contributions	7.6	8.5	28.3	5.4	35.9	13.9	158%	-	-
General Revenues:									
Property taxes	99.9	95.7	-	-	99.9	95.7	4%	-	-
Other taxes	68.0	66.9	-	-	68.0	66.9	2%	-	-
Unrestricted intergovernmental	6.4	6.5	-	-	6.4	6.5	-2%	-	-
Interest	5.9	8.2	2.4	2.9	8.3	11.1	-25%	-	-
Miscellaneous	0.8	0.6	0.1	0.1	0.9	0.7	29%	0.8	1.5
Gain on sale of assets	0.3	0.4	-	0.1	0.3	0.5	-40%	-	-
City appropriation	-	-	-	-	-	-	-	37.0	41.2
Total Revenues	<u>269.6</u>	<u>262.5</u>	<u>89.6</u>	<u>66.2</u>	<u>359.2</u>	<u>328.7</u>	<u>9%</u>	<u>146.7</u>	<u>149.8</u>
Expenses:									
General government	19.0	15.6	-	-	19.0	15.6	22%	-	-
Judicial	8.9	8.3	-	-	8.9	8.3	7%	-	-
Public safety	71.4	68.7	-	-	71.4	68.7	4%	-	-
Public works	35.3	31.9	-	-	35.3	31.9	11%	-	-
Health and human services	42.0	36.9	-	-	42.0	36.9	14%	-	-
Cultural and recreational	14.7	14.8	-	-	14.7	14.8	-1%	-	-
Community development	9.2	7.5	-	-	9.2	7.5	23%	-	-
Education	44.9	47.9	-	-	44.9	47.9	-6%	145.4	143.8
Interest & other fiscal charges	6.1	0.1	-	-	6.1	0.1	6000%	-	-
Issuance costs	-	0.6	-	-	-	0.6	100%	-	-
Stormwater	-	-	4.3	4.1	4.3	4.1	5%	-	-
Airport	-	-	6.4	6.0	6.4	6.0	7%	-	-
Water	-	-	19.1	16.5	19.1	16.5	16%	-	-
Sewer	-	-	30.5	28.0	30.5	28.0	9%	-	-
Total Expenses	<u>251.5</u>	<u>232.3</u>	<u>60.3</u>	<u>54.6</u>	<u>311.8</u>	<u>286.9</u>	<u>9%</u>	<u>145.4</u>	<u>143.8</u>
Increase in net position	18.1	30.2	29.3	11.6	47.4	41.8	13%	1.3	6.0
Net position beginning	<u>300.7</u>	<u>270.5</u>	<u>311.3</u>	<u>299.7</u>	<u>612.0</u>	<u>570.2</u>	<u>7%</u>	<u>(61.4)</u>	<u>(67.4)</u>
Net position ending	<u>\$318.8</u>	<u>\$300.7</u>	<u>\$340.6</u>	<u>\$311.3</u>	<u>\$659.4</u>	<u>\$612.0</u>	<u>8%</u>	<u>\$(60.1)</u>	<u>\$(61.4)</u>

## **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 \$318.8 million increased 6.0%, or \$18.1 million from FY 2024.

### ***Revenue highlights:***

Revenues from governmental activities of \$269.6 million increased 2.7%, or \$7.1 million from FY 2024.

Program revenues, specifically charges for services of \$18.7 million had an overall decrease of \$0.3 million. The decrease was primarily due to the following: decrease in Opioid Abatement Settlement funds; offset by an increase in Ambulance service fees and an increase of contributions to the Children's Services Act.

Operating grants and contributions increased \$5.3 million. The increase is primarily attributable to an increase in Judicial grants; decrease in Public Safety grants; increase in Public Works grants for highway maintenance; and a significant increase in Health and Human Services grants for Public Assistance.

Capital grants and contributions decreased \$0.9 million primarily due to decreases in public works for the Virginia Dam Safety, Flood Prevention and Protection grant; VDOT Federal grant reimbursements; decreases in grant reimbursements for Lynchburg City Schools capital projects from CARES; School Construction Assistance Program (SCAP); and an increase in School construction grant.

General revenues, specifically property taxes of \$99.9 million, increased \$4.2 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 (including delinquent taxes) increased \$1.9 million and personal property taxes (including delinquent taxes) increased \$1.6 million. Other property taxes increased \$0.7 million.

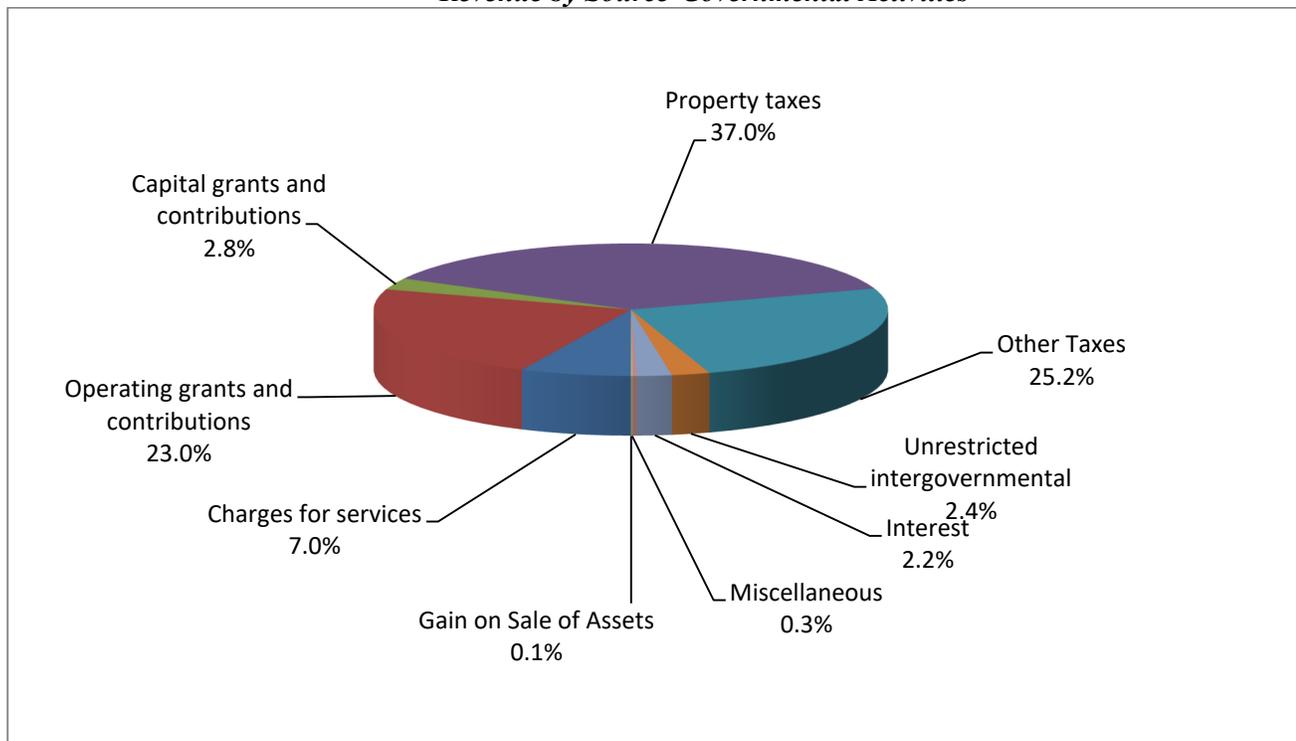
Other taxes revenue of \$68.0 million increased \$1.1 million. Other taxes are comprised mainly of revenue from local sales, meals, lodging, consumer utilities, business licenses, motor vehicle licenses, and communications sales and use taxes.

Unrestricted intergovernmental revenue of \$6.4 million decreased \$0.1 million

Interest income decreased \$2.3 million due to less funds available to invest.

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

***Revenue by Source-Governmental Activities***



**Expense highlights:**

Governmental activities expenses of \$251.5 million increased 8.3%, or \$19.2 million from FY 2024. The increase is attributed to the following: the continuing progression plan for salary adjustments for public safety; 3% salary increase for all city staff; health and dental costs; health and human services costs including public assistance; juvenile services; Children’s Services Act; adoption; and foster care along with a decrease in educational expenses of \$3.0 million.

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 2025/2024  
(in millions)**

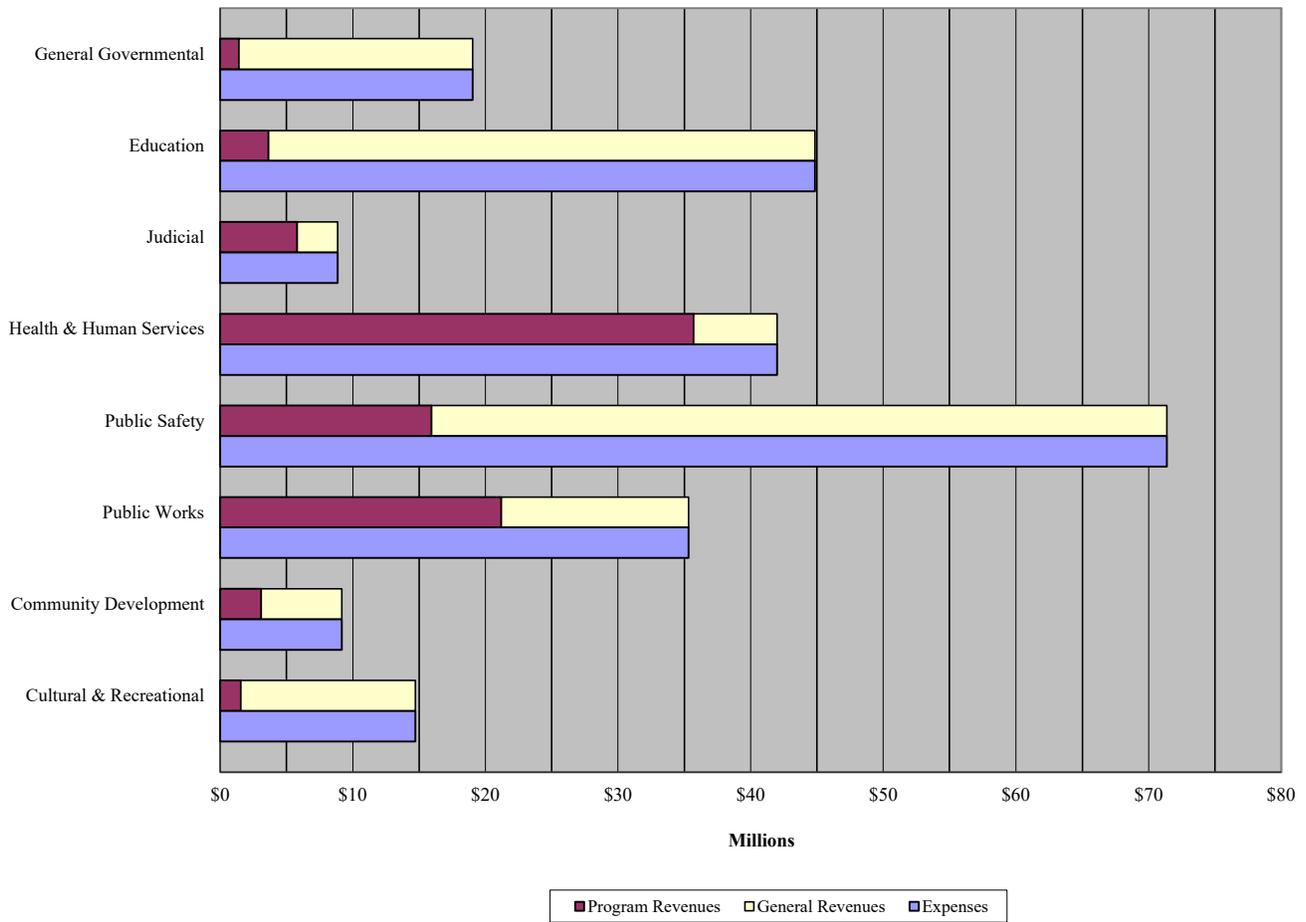
Governmental Activity	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2025	2024	Change 2025-2024	2025	2024	Change 2025-2024
General government	\$ 19.0	\$ 15.6	22%	\$ 17.6	\$ 14.2	24%
Judicial	8.9	8.3	7%	3.0	1.9	58%
Public safety	71.4	68.7	4%	55.5	52.3	6%
Public works	35.3	31.9	11%	14.1	10.8	31%
Health and human services	42.0	36.9	14%	6.3	6.2	2%
Cultural and recreational	14.7	14.8	-1%	13.2	13.4	-1%
Community development	9.2	7.5	23%	6.1	4.9	24%
Education	44.9	47.9	-6%	41.2	43.7	-6%
Interest payments & other fiscal charges	6.1	0.1	6000%	6.1	0.1	6000%
Issuance Costs	-	0.6	100%	-	0.6	100%
<b>Total Governmental Activities</b>	<b>\$ 251.5</b>	<b>\$ 232.3</b>	<b>8.3%</b>	<b>\$ 163.1</b>	<b>\$ 148.1</b>	<b>10%</b>

The four largest funded programs were public safety at 28.4%, or \$71.4 million; local support for education at 17.9%, or \$44.9 million; health and human services at 16.7%, or \$42.0 million; and public works at 14.0%, or \$35.3 million. Education and public safety continued to be high priorities for the City.

The governmental activities total cost of services increased 8.3% from the prior year with a 10.0% increase in the net cost of services. The Statement of Net Position shows that the \$251.5 million in governmental activities program expenses were financed by \$18.7 million from those receiving services, \$62.0 million from operating grants and contributions, \$7.6 million from capital grants and contributions, and \$163.1 million from general revenues. Overall, general revenues of \$181.2 million were \$18.1 million more than the \$163.1 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**

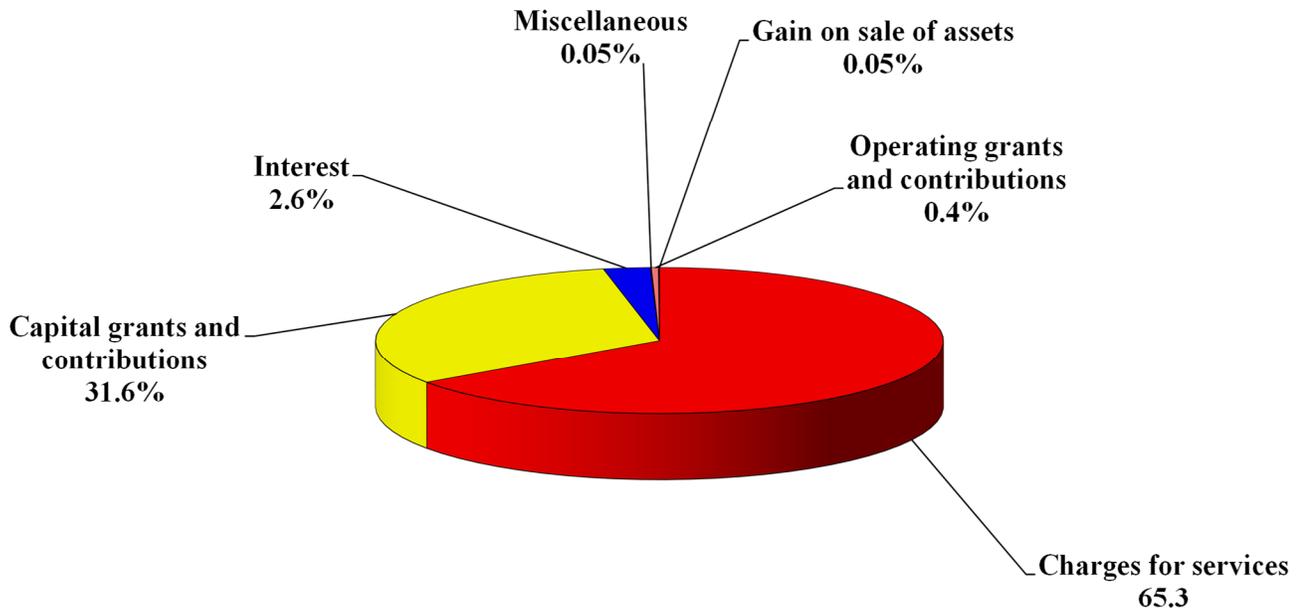
The business-type activities are comprised of enterprise funds for water, sewer, stormwater, and airport operations. Total net position of \$340.6 million increased 9.4%, or \$29.3 million from FY 2024.

***Revenue highlights:***

Business-type activities revenues of \$89.6 million increased \$23.4 million from the prior year.

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

***Revenues by Source - Business-type Activities***



***Expense highlights:***

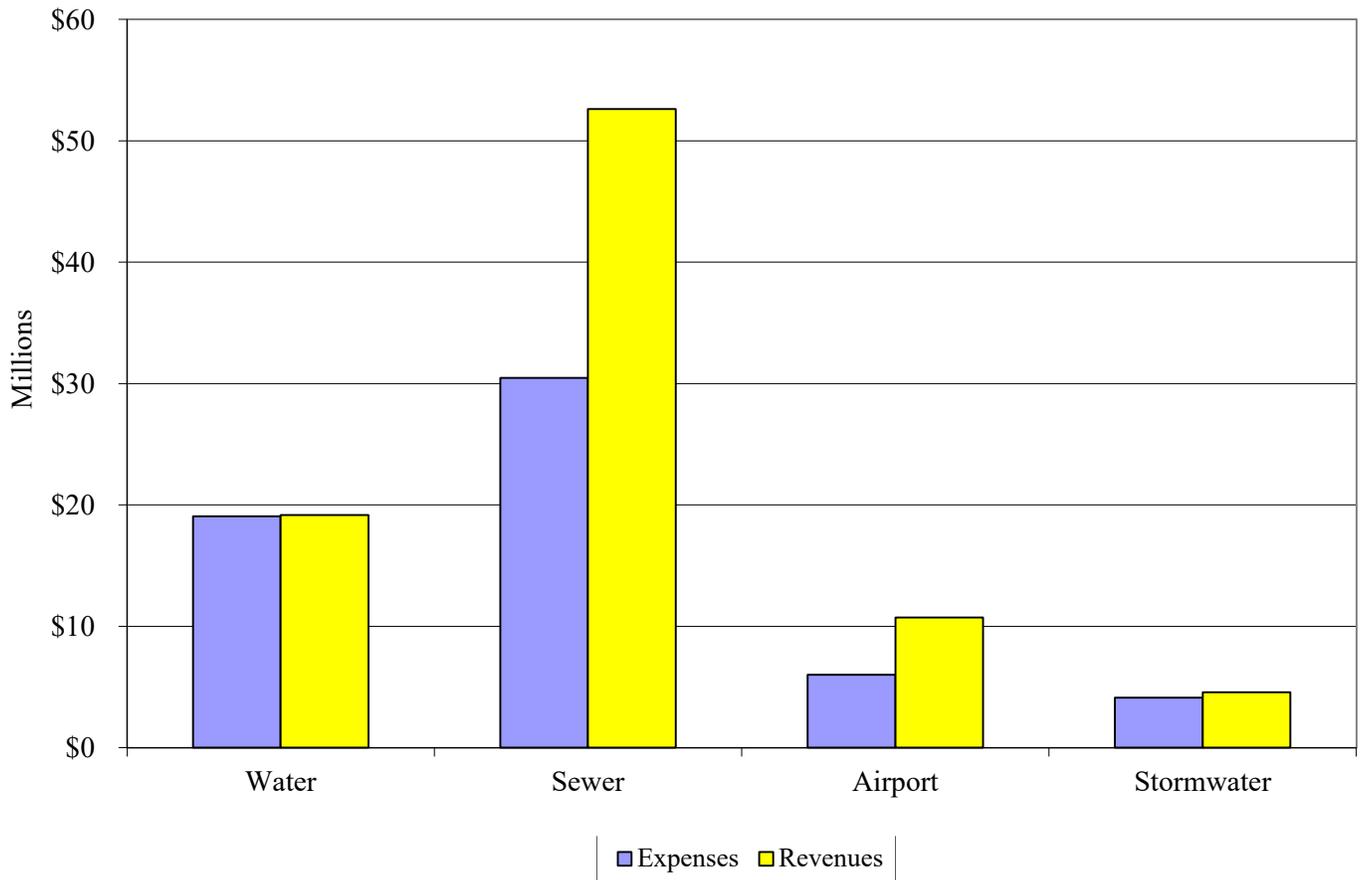
Business-type activities expenses of \$60.3 million increased \$5.7 million from the prior year.

Overall, business-type activities revenues of \$89.6 million were \$29.3 million more than expenses of \$60.3 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’ component unit reported a total net position of (\$60.1) million, reflecting a modest increase of \$1.3 million from the prior year, attributable to the use of available local resources while leveraging grant funding to support operations. Unrestricted net position of (\$66.0) million increased 3.9% or \$2.7 million from FY 2024.

***Revenue Highlights***

Revenues for FY 2025 totaled \$146.7 million, a decrease of approximately \$3.0 million (2.0%) from FY 2024. State and federal funding represented 72.6% of total revenues, while the City of Lynchburg contributed \$37.0 million (25.3%) to educational operations. Federal grants and state aid continued to provide significant support for instruction, food services, and technology modernization. The division maintained a strong liquidity position with over \$3.9 million in cash and cash equivalents, and a continued commitment to maintaining healthy reserves across instructional and operational funds.

***Expenditure Highlights***

Total expenditures for FY 2025 were \$149.3 million, a decrease of 5.1% from FY 2024, primarily due to leveraging grant funding to offset local expenditures for instruction, maintenance, and employee compensation. Instructional spending accounted for \$97.8 million (65.5%) of total expenditures, underscoring the division’s priority on classroom support and student learning. The division invested in technology infrastructure, capital improvements, and instructional resources aligned with its strategic priorities. Pension and OPEB obligations remained stable, with proactive funding through the Virginia Retirement System and continued monitoring of postemployment benefit liabilities. Overall, the Schools closed FY 2025 with a balanced operational performance, sustaining fiscal health while advancing educational quality across the division.

## FUND FINANCIAL ANALYSIS

### Governmental Funds

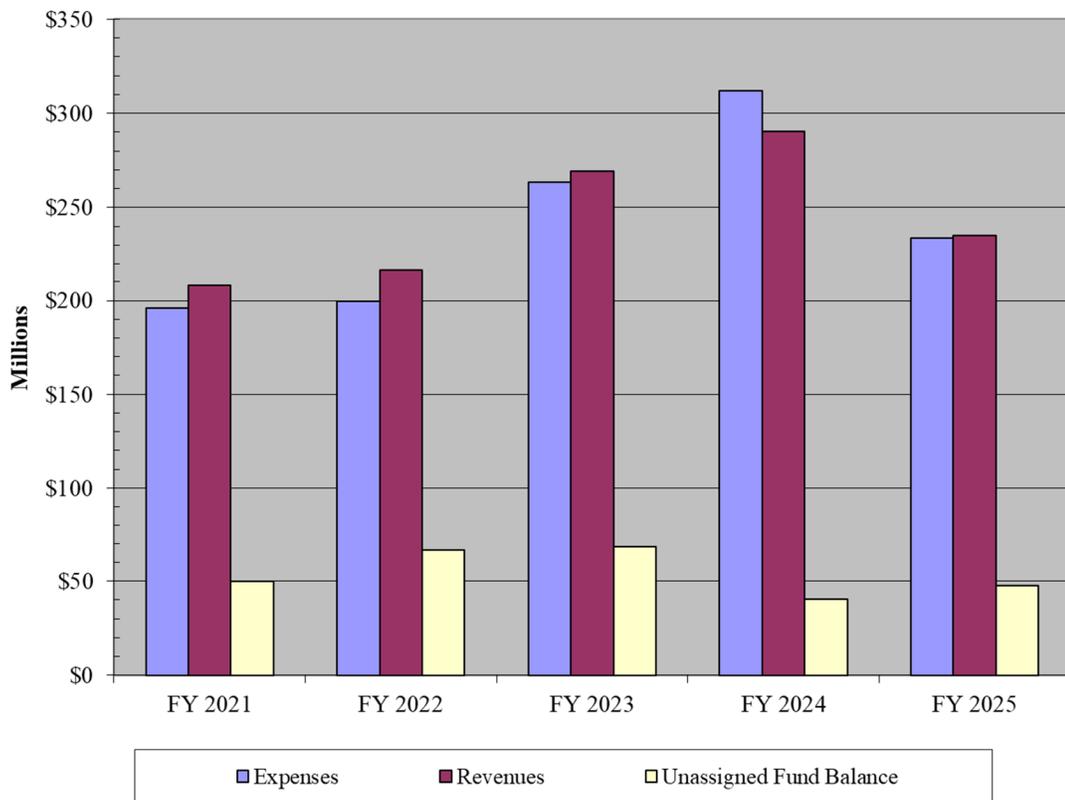
Governmental funds include the general fund, special revenue funds, and capital projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. 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 2025, the City's governmental funds reported combined fund balances of \$120.9 million, a decrease of \$21.3 million from FY 2024. Of that amount, \$7.7 million was restricted; \$50.5 million was committed; \$15.3 million was assigned; and \$47.4 million was unassigned. The general fund's decrease in fund balance was \$1.7 million. The City Capital Projects fund's decrease in fund balance was \$24.6 million. The decrease is due to the completion of several major projects. The School Capital Projects fund's decrease in fund balance was \$0.4 million, also due to the completion of several projects. Special revenue funds increase in fund balance was \$2.1 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 20.3% of total general fund expenditures (including transfers out), while total fund balance represents 32.8% 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 2025 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 &amp; Other Financing Sources</u>				
Taxes	\$ 165.8	\$ 166.3	\$ 167.6	\$ 1.3
Intergovernmental	43.4	44.8	43.9	(0.9)
Other	<u>20.6</u>	<u>21.7</u>	<u>23.7</u>	<u>2.0</u>
Total	<u>229.8</u>	<u>232.8</u>	<u>235.2</u>	<u>2.4</u>
<u>Expenditures &amp; Other Financing Uses</u>				
Expenditures	233.0	237.5	224.1	13.4
Transfers	<u>3.3</u>	<u>9.4</u>	<u>9.4</u>	<u>-</u>
Total	<u>236.3</u>	<u>246.9</u>	<u>233.5</u>	<u>13.4</u>
<u>Change in Fund Balance</u>	<u>\$ (6.5)</u>	<u>\$ (14.1)</u>	<u>\$ 1.7</u>	<u>\$ 15.8</u>

Actual expenditures and other financing use of \$233.5 million was less than revenues and other financing sources of \$235.2 million by \$1.7 million, which resulted in a positive change in fund balance that was less than the amended budget projected decrease of \$14.1 million. The FY 2025 adopted budget included the use of \$6.5 million of the FY 2024 General Fund’s unassigned fund balance primarily to resource a planned \$1.8 million transfer out for general government capital projects; \$0.4 million transfer to the technology fund for equipment purchases; \$0.7 million transfer out to Fleet fund for vehicle purchases and debt service; and \$0.4 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 (reaffirmed in FY 2023) 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 \$2.4 million and actual expenditures were below the amended budget by \$13.4 million, resulting in a \$15.8 million increase in fund balance for FY 2025.

Actual revenues were greater than estimated and within 1.0%, or \$2.43 million, of the amended budget. Personal property and business license taxes, as well as permits/fees/licenses, charges for services, and interest earnings on investments were above the amended budget for FY 2025. Intergovernmental revenue was on pace with the amended budget.

Actual expenditures and transfers were \$13.4 million less than the amended budget with the following functions having unexpended appropriations:

- \$1.3 million for general government
- \$0.1 million for judicial
- \$0.7 million for public safety
- \$2.2 million for public works
- \$1.9 million for health and human services
- \$0.4 million for cultural and recreational
- \$0.3 million for community development
- \$4.9 million for education
- \$1.5 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 9.7%, or \$0.1 million in expenditures from this contingency for demolition of blighted properties.

From the original budget of \$236.3 million, City Council approved budget amendments to increase the budget 4.5%, or \$10.6 million, resulting in an amended budget of \$246.9 million. The budget amendments were primarily for the following purposes:

- \$3.3 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 2025 amendment was primarily for \$2.0 million for health and human services; and \$1.2 million for additional Personal Property taxes and Interest on Investments.
- \$5.6 million increase to the budget for unexpended items requested to be re-appropriated in the current year to continue programs (first quarter carryforward).

### **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 \$35.6 million decreased 40.9%, or \$24.6 million from FY 2024.

Revenues, issuance of bonds, and transfers of \$23.3 million decreased 41.6%, or \$16.6 million primarily due to the following:

- \$15.7 million decrease in transfers from the general fund
- \$0.8 million decrease in interest earnings
- \$0.1 million decrease in bond proceeds

Expenditures and capital outlay of \$47.9 million decreased 9.8%, or \$5.2 million primarily due to the following:

- \$4.1 million increase in College Lake Dam removal
- \$3.5 million increase in Riverfront Park improvements
- \$1.6 million increase in transfers to the general fund
- \$1.0 million increase in Public Transit improvements
- \$0.7 million increase in Street Overlay expenses
- \$0.6 million increase in Ivy Creek Bridge- Structure #4 improvements
- \$0.6 million increase in John Lynch Bridge repairs
- \$0.6 million increase in Locust Thicket Phase II reimbursement
- \$0.5 million increase in Downtown Streetscape, Main Street East improvements
- \$9.8 million decrease in Police Department Headquarters construction
- \$4.4 million decrease in Rivermont Avenue bridge repairs
- \$1.8 million decrease in 12<sup>th</sup> Street Embankment repairs
- \$1.1 million decrease in Downtown Streetscape, Phase II improvements
- \$0.7 million decrease in Athletic Field maintenance
- \$0.6 million decrease in Bedford and Rivermont Avenue Intersection improvements

### **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 decreased 9.0%, or \$0.4 million, from FY 2024.

Revenues, issuance of bonds, interest earned, and transfers of \$5.0 million decreased 1.8%, or \$0.1 million. The decrease is primarily attributable to the following:

- \$2.9 million decrease in CARES, School Construction Assistance Program (SCAP), School Safety and Security (SAFE) funding.
- \$2.8 million increase in State construction grant funding

Expenditures and capital outlay of \$5.4 million decreased 17.6%, or \$1.2 million primarily due to the following:

- \$1.6 million decrease in Dunbar Middle School heating
- \$0.5 million decrease in Paul Munro HVAC system
- \$0.5 million decrease in Linkhorne Elementary air handlers
- \$0.4 million decrease in Existing school security vestibule glass improvements
- \$0.3 million decrease in LCS bus lot electrical upgrades
- \$0.3 million decrease in Dunbar Middle School window replacement
- \$0.2 million decrease in EC Glass tennis court repair
- \$0.1 million decrease in Hutcherson Early Learning Center roof replacement
- \$1.0 million increase in EC Glass cooling tower replacement
- \$0.7 million increase in EC Glass science wing
- \$0.5 million increase in Sheffield HVAC plant renovation/replacement
- \$0.3 million increase in access control upgrades – EC Glass; Heritage High; Dunbar Middle; Linkhorne Middle; and Sandusky Middle School
- \$0.2 million increase in EC Glass chiller replacement
- \$0.2 million increase in EC Glass building automation equipment
- \$0.1 million increase in Linkhorne Elementary rooftop units replacement
- \$0.1 million increase in Dunbar Middle School West chiller replacement

### **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 \$41.6 million increased 1.2%, or \$0.5 million, from FY 2024. Net investment in capital assets of \$40.1 million increased 2%, or \$0.8 million, primarily due to capital projects funded with net revenues from operations and reduction of long-term debt. Net investment in capital assets was 96.4% of total net position. Unrestricted net position available to fund future expenditures decreased by 16.7% or \$0.3 million. Operating revenues totaled \$18.8 million, and increased 6.8%, or \$1.2 million. This was largely due to a water rate increase effective July 1, 2024. Operating expenses totaled \$17.1 million, and increased 10.3% compared to FY 2024. This was mostly associated with increases to personal services expenses. Investment earnings decreased \$0.1 million. For FY 2025, the fund balance ratio was 36% as compared to City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.46 as compared to City Council's financial policy minimum target of 1.20. Please refer to Table 23 in the Statistical Section of this report for details.

### **Sewer Fund**

The sewer fund's total net position of \$230.5 million increased 11.1%, or \$23.1 million, from FY 2024. Net investment in capital assets of \$211.4 million increased 12.7%, or \$23.8 million, primarily due to federal grant revenue to fund capital projects and reduction of long-term debt. Net investment in capital assets was 91.7% of total net position. Unrestricted net position available to fund future expenditures decreased by 3.5%, or \$0.7 million. This was mostly related to capital expenditures waiting reimbursement from a federal grant. Unrestricted net position was 8.3%, or \$19.2 million of total net position. Operating revenues totaled \$31.6 million and increased 1.6 % or \$0.5 million from FY 2024. This was mostly attributable to a sewer rate increase effective July 1, 2024. Operating expenses totaled \$29.4 million and increased 8.1% or \$2.2 million. This was largely due to increases to personal services and benefits, supplies and materials and administration expenses. Investment earnings decreased \$0.2 million. For FY 2025, the fund balance ratio was 51% as compared to City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.57 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 24 in the Statistical Section of this report for details.

**Stormwater Fund**

The stormwater fund’s total net position of \$8.9 million increased 4.7%, or \$0.4 million from FY 2024. Net investment in capital assets of \$6.7 million increased 6.3%, or \$0.4 million primarily due to capital projects funded with net revenues from operations and reduction of long-term debt. Net investment in capital assets was 75.3% of total net position. Unrestricted net position available to fund future expenditures was unchanged. Unrestricted net position was 24.7%, or \$2.2 million, of total net position. Operating revenues totaled \$4.6 million and increased 12.2% or \$0.5 million. This was primarily due to a fee increase effective July 1, 2024. Operating expenses totaled \$4.1 million and increased 5.1%, or \$0.2 million largely due to administration and depreciation expenses. Investment earnings increased \$0.1 million. For FY 2025, the fund balance ratio was 39% as compared to City Council’s financial policy target range of 15% to 20%. The debt coverage ratio was 2.70 as compared to City Council’s financial policy minimum target of 1.20. Please refer to Table 25 in the Statistical Section of this report for details.

**Airport Fund**

The Airport Fund’s total net position of \$61.9 million increased 8.8%, or \$5.0 million, from FY 2024. Net investment in capital assets of \$48.7 million increased \$4.2 million, or 9.5% from the prior year. Net investment in capital assets was 78.7% of total net position. Net position, unrestricted, increased 6.2%, or \$0.8 million from FY 2024. Unrestricted net position was 21.2%, or \$13.2 million, of net position. Operating revenues were \$3.8 million, a decrease of \$1.1 million or 23.1%. Operating expenses totaled \$6.4 million, an increase of 6.8% or \$0.4 million from FY 2024. Capital contributions totaled \$6.6 million, an increase of 105.1%, or \$3.4 million, and reflects an increase in state and federal contributions received for Airport capital projects.

**Capital Assets**

The City’s capital assets, net of depreciation, were \$823.3 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 \$5.6 million in capital assets exclusive of buildings and facilities, which were capitalized as the City’s assets.

***Capital Assets  
As of June 30, 2025/2024  
(in millions)***

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change 2025-2024	Component Unit Schools	
	2025	2024	2025	2024	2025	2024		2025	2024
Capital assets, not being depreciated:									
Land	\$ 26.0	\$ 25.9	\$ 5.2	\$ 5.2	\$ 31.2	\$ 31.1	0%	\$ -	\$ -
Historical Treasures	0.1	0.1	-	-	0.1	0.1	0%	-	-
Construction in progress	44.0	73.0	59.7	35.2	103.7	108.2	-4%	-	-
Capital assets, being depreciated:									
Land improvements	74.8	70.4	19.1	18.6	93.9	89.0	6%	-	-
Buildings and improvements	382.2	330.0	104.7	101.4	486.9	431.4	13%	-	-
Infrastructure	385.1	375.0	585.6	568.8	970.7	943.8	3%	-	-
Machinery and equipment	85.8	72.8	36.1	35.8	121.9	108.6	12%	20.8	22.1
Leases and Subscription Assets	3.0	2.9	0.1	0.1	3.1	2.8	11%	7.3	6.4
Less: Accumulated depreciation and amortization	(507.0)	(483.2)	(316.3)	(303.7)	(823.3)	(786.9)	5%	(22.5)	(18.9)
<b>Total Capital Assets</b>	<b>\$ 494.0</b>	<b>\$ 466.9</b>	<b>\$ 494.2</b>	<b>\$ 461.4</b>	<b>\$ 988.2</b>	<b>\$ 928.1</b>	<b>6%</b>	<b>\$ 5.6</b>	<b>\$ 9.6</b>

During FY 2025 the City’s net increase in capital assets was 6.5% or \$60.1 million. Major capital assets completed and placed in service included the following:

- Seabury-Hughes Area Utility Improvements for \$3.4 million
- FY 2025 Cellular Meter Installation for \$3.0 million
- College Hill Flocculator & Clarifier Scraper Replacement for \$2.8 million
- Terminal Sustainability Projects (Bathrooms upgrade and Electric Service/Generator Upgrade) for \$4.3 million
- Runway 4 Hold Apron for \$2.3 million

Construction-in-progress at the end of FY 2025 includes Runway 4-22 Rehabilitation; Public Library Reimagination; Repair Privacy Fence on Expressway; Riverside Park Drainage Improvements; Fire Station 1 Improvements; Human Services Elevator Modernization; Monument Terrace Steps Rehabilitation; Circuit Court Renovations; Old Courthouse Museum Accessibility Improvements; City Stadium Upgrades – Fan Experience Amenities; West Building Envelope; Riverfront Park Improvements; Downtown Streetscape Improvements – Main Street East; College Lake Dam Removal; Ivy Creek Bridge Structure #4; College Lake Dam Improvements; Route 501/221 One Way Pairs; Pedestrian Improvements – Old Forest Road; Nationwide Roundabout & Pedestrian Improvements; Florida Avenue Sidewalk; 5<sup>th</sup> Street Phase IV; Breezewood Drive Widening; Shentel GloFiber; Lynchpin Center for Industry Phase I; Fort Avenue at Graves Mill Road Signal Replacement; Link Rd/Boonsboro Rd Intersection Improvements; John Lynch Bridge Repair; Lakeside Drive Arch Bridge Rehabilitation; Seabury - Hughes Area Utility Improvements; Richland Hills Sewer Extension; Water Service Line Lead and Copper Inventory; Downtown Area Business Improvements Phase IV; 6th and Madison Water Line Replacement; CSO 52; U0478 WWTP Sludge Holding Tank #2 Improvements; College Park Stormwater Improvement - Design and Construction; various other transportation and building projects; various sewer system evaluation and system upgrades; sewer system collection improvements; various waterline projects; and Sewer CSO upgrades. Additional information on the City’s capital assets can be found in Note 8 of this report.

**Long-term Debt**

Total outstanding debt was \$367.7 million with \$187.6 million of business-type activities debt supported by the individual funds, resulting in \$180.1 million in outstanding debt for governmental activities. Liabilities of \$11.4 million for compensated absences and workers compensation were excluded.

*Long-term Debt Obligations  
As of June 30, 2025/2024  
(in millions)*

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change
	2025	2024	2025	2024	2025	2024	2025-2024
General obligation bonds	\$164.9	\$ 175.5	\$ 79.7	\$ 83.4	\$ 244.6	\$ 258.9	-6%
General obligation-Direct borrowing	2.6	3.3	-	-	2.6	3.3	-21%
Revenue bonds	-	-	83.8	90.3	83.8	90.3	-7%
Bond anticipation notes	8.9	0.5	24.0	11.5	32.9	12.0	174%
Lease obligations	2.8	2.7	0.1	0.1	2.9	2.8	4%
Other long-term payables	0.9	1.3	-	-	0.9	1.3	-31%
<b>Total</b>	<b>\$180.1</b>	<b>\$ 183.3</b>	<b>\$ 187.6</b>	<b>\$ 185.3</b>	<b>\$ 367.7</b>	<b>\$ 368.6</b>	<b>0%</b>

Total new debt of \$21.1 million was issued, of which \$8.6 million was for governmental activities, and \$12.5 million was for business-type activities and includes:

- \$20.9 million of bond anticipation notes, of which \$8.4 million was for governmental activities and \$12.5 million was for business-type activities.
- \$0.3 million of lease obligations, all of which was for governmental activities.

The City retired \$22.0 million of outstanding principal. The governmental activities principal retirements were \$11.8 million and the business-type activities principal retirements were \$10.2 million and include:

- \$21.9 million in planned principal retirements, of which \$11.7 million was for governmental activities and \$10.2 million was for business-type activities.
- \$0.2 million in lease payments, all of which was for governmental 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 last affirmed in April 2024 for the City's issuance of \$69.3 million General Obligation Public Improvement Refunding Bonds, Series 2024 on May 7, 2024. The agencies noted the City's stable and mature economic base, strong financial management, strong reserves and liquidity, healthy revenue growth, and manageable liabilities and fixed cost when reaffirming the ratings.

On July 18, 2023 the City issued a three-year General Obligation Bond Anticipation Note and concurrently entered into a line of credit Financing Agreement with JPMorgan Chase Bank, N.A. The Agreement provided for borrowings of up to \$68.5 million to provide interim financing for qualifying city, school, water, sewer, stormwater, airport and fleet capital improvements. Interest on the unpaid principal is equal to the sum of (i) 80% times adjusted term secured overnight financing rate (SOFR), plus (ii) 0.55%, as calculated by the Lender. Interest shall be computed on the basis of the actual number of days elapsed in a 360-day year. Interest is paid monthly. All outstanding amounts are due on June 15, 2026. The unused line of credit as of June 30, 2025 is \$35.6 million.

The Constitution of Virginia limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. As of June 30, 2025, the City's assessed value of real property was \$8.1 billion. The City's debt is less than the current debt limitation of \$807.4 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, 2025, debt to assessed value was 2.10%. 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, 2025, the 10-year principal payout ratio was 71.85%.

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

## **ECONOMIC FACTORS**

The City's unemployment rate increased from 3.6% in June 2024 to 4.2% in June 2025 reflecting the consistent year over year increase since the pandemic. The City's unemployment rate typically trends above the State rate, which was 3.5% in June 2025. For the first time in seven years, the City's unemployment rate has trended slightly above the National rate, which was 4.1% 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 21% increase in taxable assessed value over FY 2024. The principal property taxpayers, as a whole, realized a significant increase of 25.7% in taxable assessed value when compared to FY 2024. 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 2025 Operating and Capital Budgets, and FY 2025-2029 Capital Improvement Program are on the City's website at [www.lyncburgva.gov](http://www.lyncburgva.gov).

## **BASIC FINANCIAL STATEMENTS**



Statement of Net Position  
June 30, 2025

	Governmental Activities	Business- Type Activities	Total Primary Government	Component Units		Total Reporting Unit
				Lynchburg City Schools	Other	
<b>Assets</b>						
Cash and cash equivalents	\$ 62,941,279	\$ 43,187,044	\$ 106,128,323	\$ 3,931,526	\$ 2,126,307	\$ 112,186,156
Investments	68,119,014	9,830,150	77,949,164	-	-	77,949,164
Receivables, net of allowance	27,911,652	7,142,741	35,054,393	1,101,834	287,415	36,443,642
Lease receivable	935,595	57,292	992,887	-	-	992,887
Internal balances	2,413,806	(2,413,806)	-	-	-	-
Due from other governments	10,912,728	4,684,363	15,597,091	6,338,126	499,436	22,434,653
Due from primary government	-	-	-	5,370,710	-	5,370,710
Due from component units	4,484,246	-	4,484,246	-	-	4,484,246
Inventory	52,817	908,192	961,009	82,854	291,172	1,335,035
Prepays and other assets	1,806,478	219,055	2,025,533	223,081	46,344	2,294,958
Restricted assets:						
Cash and cash equivalents	5,352,288	1,318,141	6,670,429	-	-	6,670,429
Due from other governments	-	3,361,580	3,361,580	-	-	3,361,580
Capital assets:						
Nondepreciable	70,094,299	64,941,947	135,036,246	-	2,971,686	138,007,932
Depreciable, net	423,945,936	429,253,306	853,199,242	5,631,711	34,919,422	893,750,375
Net pension asset	-	-	-	637,775	-	637,775
<b>Total assets</b>	<b>678,970,138</b>	<b>562,490,005</b>	<b>1,241,460,143</b>	<b>23,317,617</b>	<b>41,141,782</b>	<b>1,305,919,542</b>
<b>Deferred Outflows of Resources</b>						
Deferred charge on refunding	2,162,782	1,140,032	3,302,814	-	-	3,302,814
Pension related	26,222,768	3,863,016	30,085,784	23,047,579	-	53,133,363
Other postemployment benefits related	6,517,853	472,570	6,990,423	2,743,674	159,979	9,894,076
<b>Total deferred outflows of resources</b>	<b>34,903,403</b>	<b>5,475,618</b>	<b>40,379,021</b>	<b>25,791,253</b>	<b>159,979</b>	<b>66,330,253</b>
<b>Liabilities</b>						
Accounts payable and other liabilities	10,825,168	10,035,412	20,860,580	289,083	429,650	21,579,313
Accrued payroll and related liabilities	6,563,329	515,964	7,079,293	7,303,273	-	14,382,566
Accrued interest payable	1,861,168	1,062,205	2,923,373	-	-	2,923,373
Due to other governments	1,511,736	3,871	1,515,607	-	495,000	2,010,607
Due to primary government	-	-	-	3,401,926	1,082,320	4,484,246
Due to component units	5,370,710	-	5,370,710	-	-	5,370,710
Unearned revenue/prepaid rent	159,069	-	159,069	2,109,596	-	2,268,665
Net other postemployment benefit liabilities, current	-	-	-	-	25,955	25,955
Deposits payable from restricted assets	262,648	1,270,489	1,533,137	-	-	1,533,137
Long-term liabilities:						
Due within one year	13,775,187	10,299,671	24,074,858	2,045,405	1,120	26,121,383
Due in more than one year:						
Net pension liability	80,377,666	11,840,858	92,218,524	57,934,167	-	150,152,691
Net other postemployment benefit liabilities	36,219,621	4,094,026	40,313,647	17,262,523	233,592	57,809,762
Other long-term liabilities	190,857,458	184,154,680	375,012,138	1,167,475	158,014	376,337,627
<b>Total liabilities</b>	<b>347,783,760</b>	<b>223,277,176</b>	<b>571,060,936</b>	<b>91,513,448</b>	<b>2,425,651</b>	<b>665,000,035</b>
<b>Deferred Inflows of Resources</b>						
Property taxes	14,132,820	-	14,132,820	-	-	14,132,820
Grants	1,309,051	-	1,309,051	-	-	1,309,051
Lease related	895,443	56,419	951,862	-	-	951,862
Pension related	9,216,199	1,357,687	10,573,886	10,556,574	-	21,130,460
Other postemployment benefits related	21,693,055	2,706,861	24,399,916	7,160,105	57,705	31,617,726
<b>Total deferred inflows of resources</b>	<b>47,246,568</b>	<b>4,120,967</b>	<b>51,367,535</b>	<b>17,716,679</b>	<b>57,705</b>	<b>69,141,919</b>
<b>Net Position</b>						
Net investment in capital assets	305,507,770	306,872,333	612,380,103	5,260,588	37,879,558	655,520,249
Restricted for:						
Capital projects	3,292,676	-	3,292,676	-	-	3,292,676
Grants	4,407,338	-	4,407,338	-	-	4,407,338
Net pension asset	-	-	-	637,775	-	637,775
Passenger facility charges	-	47,652	47,652	-	-	47,652
Transit	-	-	-	-	81,464	81,464
Unrestricted	5,635,429	33,647,495	39,282,924	(66,019,620)	857,383	(25,879,313)
<b>Total net position</b>	<b>\$ 318,843,213</b>	<b>\$ 340,567,480</b>	<b>\$ 659,410,693</b>	<b>\$ (60,121,257)</b>	<b>\$ 38,818,405</b>	<b>\$ 638,107,841</b>

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

Statement of Activities  
For the Year Ended June 30, 2025

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	
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 19,042,691	\$ 857,285	\$ 573,444	\$ -	\$ (17,611,962)	\$ -	\$ (17,611,962)	\$ -	\$ -	\$ (17,611,962)
Judicial	8,857,855	608,132	5,209,465	-	(3,040,258)	-	(3,040,258)	-	-	(3,040,258)
Public safety	71,376,484	8,698,251	7,233,302	-	(55,444,931)	-	(55,444,931)	-	-	(55,444,931)
Public works	35,323,727	1,093,956	16,283,740	3,813,284	(14,132,747)	-	(14,132,747)	-	-	(14,132,747)
Health and human services	41,993,422	4,588,672	31,118,974	-	(6,285,776)	-	(6,285,776)	-	-	(6,285,776)
Cultural and recreational	14,728,877	1,024,903	389,366	169,000	(13,145,608)	-	(13,145,608)	-	-	(13,145,608)
Community development	9,179,877	1,854,806	1,243,976	-	(6,081,095)	-	(6,081,095)	-	-	(6,081,095)
Education	44,849,068	-	-	3,643,009	(41,206,059)	-	(41,206,059)	-	-	(41,206,059)
Interest payments and other fiscal charges	6,122,628	-	-	-	(6,122,628)	-	(6,122,628)	-	-	(6,122,628)
<b>Total governmental activities</b>	<u>251,474,629</u>	<u>18,726,005</u>	<u>62,052,267</u>	<u>7,625,293</u>	<u>(163,071,064)</u>	<u>-</u>	<u>(163,071,064)</u>	<u>-</u>	<u>-</u>	<u>(163,071,064)</u>
Business-type activities:										
Stormwater	4,331,675	4,299,036	275,000	-	-	242,361	242,361	-	-	242,361
Airport	6,419,040	3,692,116	88,587	6,942,452	-	4,304,115	4,304,115	-	-	4,304,115
Water	19,081,062	18,831,397	-	337,097	-	87,432	87,432	-	-	87,432
Sewer	30,482,053	31,619,700	-	20,997,224	-	22,134,871	22,134,871	-	-	22,134,871
<b>Total business-type activities</b>	<u>60,313,830</u>	<u>58,442,249</u>	<u>363,587</u>	<u>28,276,773</u>	<u>-</u>	<u>26,768,779</u>	<u>26,768,779</u>	<u>-</u>	<u>-</u>	<u>26,768,779</u>
<b>Total primary government</b>	<u>\$ 311,788,459</u>	<u>\$ 77,168,254</u>	<u>\$ 62,415,854</u>	<u>\$ 35,902,066</u>	<u>(163,071,064)</u>	<u>26,768,779</u>	<u>(136,302,285)</u>	<u>-</u>	<u>-</u>	<u>(136,302,285)</u>
<b>Component units:</b>										
Lynchburg City Schools	\$ 145,460,566	\$ 2,442,777	\$ 106,543,193	\$ -	-	-	-	(36,474,596)	-	(36,474,596)
Greater Lynchburg Transit Company	11,095,157	711,864	7,738,278	6,027,188	-	-	-	-	3,382,173	3,382,173
Business Development Centre	258,598	316,950	-	-	-	-	-	-	58,352	58,352
<b>Total component units</b>	<u>\$ 156,814,321</u>	<u>\$ 3,471,591</u>	<u>\$ 114,281,471</u>	<u>\$ 6,027,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,474,596)</u>	<u>3,440,525</u>	<u>(33,034,071)</u>
General revenues:										
Property taxes					99,873,329	-	99,873,329	-	-	99,873,329
Local sales and use taxes					22,476,692	-	22,476,692	-	-	22,476,692
Meals taxes					20,510,770	-	20,510,770	-	-	20,510,770
Consumer utility taxes					4,550,156	-	4,550,156	-	-	4,550,156
Business license taxes					11,253,210	-	11,253,210	-	-	11,253,210
Communications sales and use taxes					2,201,390	-	2,201,390	-	-	2,201,390
Other taxes					7,027,773	-	7,027,773	-	-	7,027,773
Unrestricted intergovernmental					6,422,167	-	6,422,167	-	-	6,422,167
Interest					5,865,564	2,376,649	8,242,213	-	-	8,242,213
Miscellaneous					761,805	51,759	813,564	754,064	620,878	2,188,506
Gain on sale of assets					267,651	51,167	318,818	-	23,769	342,587
City appropriation					-	-	-	37,042,445	-	37,042,445
Total general revenues and transfers					<u>181,210,507</u>	<u>2,479,575</u>	<u>183,690,082</u>	<u>37,796,509</u>	<u>644,647</u>	<u>222,131,238</u>
<b>Changes in net position</b>					<u>18,139,443</u>	<u>29,248,354</u>	<u>47,387,797</u>	<u>1,321,913</u>	<u>4,085,172</u>	<u>52,794,882</u>
<b>Net position - beginning</b>					<u>300,703,770</u>	<u>311,319,126</u>	<u>612,022,896</u>	<u>(61,443,170)</u>	<u>34,733,233</u>	<u>585,312,959</u>
<b>Net position - ending</b>					<u>\$ 318,843,213</u>	<u>\$ 340,567,480</u>	<u>\$ 659,410,693</u>	<u>\$ (60,121,257)</u>	<u>\$ 38,818,405</u>	<u>\$ 638,107,841</u>

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

Balance Sheet  
 Governmental Funds  
 June 30, 2025

	General Fund	City Capital Projects	School Capital Projects	Other Governmental	Total Governmental
<b>Assets</b>					
Cash and cash equivalents	\$ 49,820,952	\$ 8,047,882	\$ 1,637,995	\$ 867,888	\$ 60,374,717
Investments	26,806,691	29,139,368	2,538,174	-	58,484,233
Receivables, net of allowance:					
Taxes excluding penalties	17,941,436	-	-	-	17,941,436
Accounts	6,533,935	-	-	-	6,533,935
Other	2,069,386	6,745	-	1,292,186	3,368,317
Lease receivable	935,595	-	-	-	935,595
Due from other funds	2,353,829	-	-	1,011,426	3,365,255
Due from other governments	3,350,130	4,481,346	-	3,081,252	10,912,728
Due from component units	4,359,246	-	-	125,000	4,484,246
Other assets	-	-	-	213	213
Restricted assets:					
Cash and cash equivalents	262,648	-	-	5,089,640	5,352,288
<b>Total assets</b>	<u>\$ 114,433,848</u>	<u>\$ 41,675,341</u>	<u>\$ 4,176,169</u>	<u>\$ 11,467,605</u>	<u>\$ 171,752,963</u>
<b>Liabilities</b>					
Accounts payable and other liabilities	\$ 2,349,028	\$ 6,116,843	\$ 17,810	\$ 1,715,038	\$ 10,198,719
Accrued payroll and related liabilities	6,524,522	2,720	-	241,765	6,769,007
Due to other funds	1,011,427	-	-	2,352,140	3,363,567
Due to other governments	1,381,451	-	-	130,285	1,511,736
Due to component units	5,370,710	-	-	-	5,370,710
Unearned revenue/prepaid rent	159,069	-	-	-	159,069
Deposits payable from restricted assets	262,648	-	-	-	262,648
<b>Total liabilities</b>	<u>17,058,855</u>	<u>6,119,563</u>	<u>17,810</u>	<u>4,439,228</u>	<u>27,635,456</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	19,830,795	-	-	2,495,421	22,326,216
Lease related	895,443	-	-	-	895,443
<b>Total deferred inflows of resources</b>	<u>20,726,238</u>	<u>-</u>	<u>-</u>	<u>2,495,421</u>	<u>23,221,659</u>
<b>Fund Balances</b>					
Restricted	-	3,292,676	-	4,407,338	7,700,014
Committed	13,921,037	32,263,102	4,158,359	125,384	50,467,882
Assigned	15,307,876	-	-	234	15,308,110
Unassigned	47,419,842	-	-	-	47,419,842
<b>Total fund balances</b>	<u>76,648,755</u>	<u>35,555,778</u>	<u>4,158,359</u>	<u>4,532,956</u>	<u>120,895,848</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 114,433,848</u>	<u>\$ 41,675,341</u>	<u>\$ 4,176,169</u>	<u>\$ 11,467,605</u>	<u>\$ 171,752,963</u>

**Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2025**

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

Ending fund balance - governmental funds		\$ 120,895,848
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		474,024,499
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		6,884,345
Deferred outflow of resources used to reflect deferred losses on debt refunding bonds are not reported in the governmental funds.		2,119,990
Internal service fund activity that has been allocated to the user departments.		2,412,118
Internal service fund is used by management to charge the costs of vehicle maintenance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.		27,259,149
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to:		
Pensions	25,870,764	
Other postemployment benefits	6,476,556	
Deferred inflows related to:		
Pensions	(9,092,485)	
Other postemployment benefits	(21,460,058)	
Net pension liability	(79,298,709)	
Net other postemployment liability	<u>(35,865,660)</u>	(113,369,592)
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	(186,058,710)	
Accrued interest payable	(1,788,989)	
Lease obligations payable	(2,803,838)	
Other long-term payable	(875,112)	
Compensated absences	(8,062,104)	
Workers' compensation	<u>(1,794,391)</u>	(201,383,144)
Net position of governmental activities		<u>\$ 318,843,213</u>

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, 2025

	General	City Capital Projects	School Capital Projects	Other Governmental	Total Governmental
<b>Revenues</b>					
Taxes	\$ 167,582,648	\$ -	\$ -	\$ -	\$ 167,582,648
Regulatory licenses, permits and privilege fees	1,372,142	-	-	-	1,372,142
Intergovernmental	43,910,635	10,242,919	3,643,009	17,948,542	75,745,105
Fines and forfeitures	337,646	-	-	-	337,646
Revenue from use of money and property	5,635,629	23,256	254,100	20,079	5,933,064
Charges for services	13,944,376	-	-	6,247,480	20,191,856
Miscellaneous	623,915	247,230	-	431,106	1,302,251
<b>Total revenues</b>	<u>233,406,991</u>	<u>10,513,405</u>	<u>3,897,109</u>	<u>24,647,207</u>	<u>272,464,712</u>
<b>Expenditures</b>					
Current operating expenditures:					
General government	23,202,230	-	-	8,595	23,210,825
Judicial	7,061,561	-	-	1,709,537	8,771,098
Public safety	69,573,956	97,489	-	6,385,469	76,056,914
Public works	22,742,583	4,383,524	-	103,730	27,229,837
Health and human services	27,795,338	-	-	15,372,878	43,168,216
Cultural and recreational	12,506,709	755,456	-	-	13,262,165
Community development	6,411,247	1,266,711	-	1,596,377	9,274,335
Education	37,042,445	-	4,362,458	-	41,404,903
Capital outlay:					
Capital general government	250,776	39,839,328	1,041,364	8,247	41,139,715
Debt service:					
Principal retirements	10,899,189	-	-	8,421	10,907,610
Interest payments and other fiscal charges	7,262,457	-	-	2,461	7,264,918
<b>Total expenditures</b>	<u>224,748,491</u>	<u>46,342,508</u>	<u>5,403,822</u>	<u>25,195,715</u>	<u>301,690,536</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>8,658,500</u>	<u>(35,829,103)</u>	<u>(1,506,713)</u>	<u>(548,508)</u>	<u>(29,225,824)</u>
<b>Other financing sources (uses)</b>					
Issuance of bonds	-	7,370,422	1,096,575	-	8,466,997
Lease financing	250,776	-	-	8,247	259,023
Transfers in	1,600,000	5,429,382	-	2,602,060	9,631,442
Transfers out	(8,828,392)	(1,600,000)	-	-	(10,428,392)
<b>Total other financing sources (uses)</b>	<u>(6,977,616)</u>	<u>11,199,804</u>	<u>1,096,575</u>	<u>2,610,307</u>	<u>7,929,070</u>
<b>Net changes in fund balances</b>	1,680,884	(24,629,299)	(410,138)	2,061,799	(21,296,754)
<b>Fund balances - beginning</b>	<u>74,967,871</u>	<u>60,185,077</u>	<u>4,568,497</u>	<u>2,471,157</u>	<u>142,192,602</u>
<b>Fund balances - ending</b>	<u>\$ 76,648,755</u>	<u>\$ 35,555,778</u>	<u>\$ 4,158,359</u>	<u>\$ 4,532,956</u>	<u>\$ 120,895,848</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balance to the Statement of Activities  
For the Year Ended June 30, 2025**

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

Net change in fund balances - total governmental funds		\$ (21,296,754)
<p>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.</p>		
Capital outlay		47,041,925
Depreciation and amortization expense		(22,586,979)
<p>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.</p>		
		116,065
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		260,312
<p>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.</p>		
Employer pension contributions	14,527,013	
Pension expenses	<u>(10,493,265)</u>	
		4,033,748
<p>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.</p>		
Employer other postemployment benefit contribution	325,110	
Other postemployment benefit expense	<u>5,432,450</u>	
		5,757,560
<p>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.</p>		
		3,247,743
<p>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.</p>		
		(66,443)
<p>To eliminate transfers to the internal service fund</p>		
		796,950
<p>The net income of certain activities of the internal service fund is reported with governmental activities.</p>		
		<u>835,316</u>
Change in net position of governmental activities.		<u><u>\$ 18,139,443</u></u>

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, 2025**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes	\$ 165,780,892	\$ 166,280,892	\$ 167,582,648	\$ 1,301,756
Regulatory licenses, permits and privilege fees	1,231,600	1,231,600	1,372,142	140,542
Intergovernmental	43,441,378	44,789,619	43,910,635	(878,984)
Fines and forfeitures	292,500	292,500	337,646	45,146
Revenue from use of money and property	4,005,170	4,754,634	5,568,436	813,802
Charges for services	12,915,193	13,315,193	13,944,376	629,183
Miscellaneous	549,967	549,967	600,627	50,660
<b>Total revenues</b>	<b>228,216,700</b>	<b>231,214,405</b>	<b>233,316,510</b>	<b>2,102,105</b>
<b>Expenditures</b>				
Current operating expenditures:				
General government	27,567,500	23,947,406	22,575,074	1,372,332
Judicial	6,927,988	7,196,335	7,061,561	134,774
Public safety	68,020,013	70,266,761	69,573,956	692,805
Public works	22,112,470	24,989,207	22,742,583	2,246,624
Health and human services	27,599,461	29,772,421	27,795,338	1,977,083
Cultural and recreational	12,736,117	12,909,324	12,506,709	402,615
Community development	6,355,970	6,731,845	6,411,247	320,598
Education	41,960,355	41,960,355	37,042,445	4,917,910
Capital outlay:				
Capital general government	-	-	250,776	(250,776)
Debt service:				
Principal retirements	11,288,400	11,288,400	10,899,189	389,211
Interest payments and other fiscal charges	8,390,665	8,390,665	7,262,457	1,128,208
<b>Total expenditures</b>	<b>232,958,939</b>	<b>237,452,719</b>	<b>224,121,335</b>	<b>13,331,384</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(4,742,239)</b>	<b>(6,238,314)</b>	<b>9,195,175</b>	<b>15,433,489</b>
<b>Other financing sources (uses)</b>				
Lease financing	-	-	250,776	250,776
Transfers in	1,600,000	1,600,000	1,600,000	-
Transfers out	(3,306,904)	(9,384,742)	(9,336,811)	47,931
<b>Total other financing sources (uses)</b>	<b>(1,706,904)</b>	<b>(7,784,742)</b>	<b>(7,486,035)</b>	<b>298,707</b>
<b>Net changes in fund balances</b>	<b>(6,449,143)</b>	<b>(14,023,056)</b>	<b>1,709,140</b>	<b>15,732,196</b>
<b>Fund balances - beginning</b>	<b>73,340,548</b>	<b>73,340,548</b>	<b>73,340,548</b>	<b>-</b>
<b>Fund balances - ending</b>	<b>\$ 66,891,405</b>	<b>\$ 59,317,492</b>	<b>\$ 75,049,688</b>	<b>\$ 15,732,196</b>

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

Statement of Net Position  
Proprietary Funds  
June 30, 2025

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 6,535,494	\$ 19,226,055	\$ 2,412,894	\$ 15,012,601	\$ 43,187,044	\$ 2,566,562
Investments	3,393,867	5,529,726	906,557	-	9,830,150	9,634,781
Receivables, net of allowance:	2,134,250	4,294,168	570,033	144,290	7,142,741	67,964
Lease receivable	-	-	-	57,292	57,292	-
Due from other funds	38,218	-	-	-	38,218	-
Due from other governments	-	-	-	3,287,446	3,287,446	-
Inventory	853,099	-	-	55,093	908,192	52,817
Prepays and other assets	-	219,055	-	-	219,055	1,806,265
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	356,257	-	-	356,257	-
Total current assets	12,954,928	29,625,261	3,889,484	18,556,722	65,026,395	14,128,389
Noncurrent assets:						
Due from other governments	-	1,396,917	-	-	1,396,917	-
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	3,005,323	-	-	3,005,323	-
Cash and cash equivalents	1,260,499	-	-	57,642	1,318,141	-
Capital assets:						
Nondepreciable	10,083,085	42,129,957	2,088,671	10,640,234	64,941,947	-
Depreciable, net	93,374,706	283,360,844	12,886,669	39,631,087	429,253,306	20,015,736
Total noncurrent assets	104,718,290	329,893,041	14,975,340	50,328,963	499,915,634	20,015,736
<b>Total assets</b>	117,673,218	359,518,302	18,864,824	68,885,685	564,942,029	34,144,125
<b>Deferred Outflows of Resources</b>						
Deferred charge on refunding	520,467	613,138	-	6,427	1,140,032	42,792
Pension related	2,012,739	1,329,792	255,730	264,755	3,863,016	352,004
Other postemployment benefits related	239,067	170,485	30,025	32,993	472,570	41,297
<b>Total deferred outflows of resources</b>	2,772,273	2,113,415	285,755	304,175	5,475,618	436,093
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and other liabilities	1,817,022	3,662,237	486,078	4,070,075	10,035,412	626,449
Accrued payroll and related liabilities	345,741	218,743	39,908	59,521	663,913	44,845
Accrued interest payable	565,442	380,165	92,689	23,909	1,062,205	72,179
Due to other funds	-	34,286	5,620	-	39,906	-
Due to other governments	703	-	3,168	-	3,871	-
Current portion of lease obligations	9,995	2,656	285	4,692	17,628	677
Current portion of general obligation bonds	1,954,221	1,395,185	100,000	111,863	3,561,269	406,357
Current portion of direct borrowings	-	-	-	-	-	133,200
Current portion of public utility revenue bonds	36,184	6,449,022	87,619	-	6,572,825	-
Total current liabilities	4,729,308	12,142,294	815,367	4,270,060	21,957,029	1,283,707
Noncurrent liabilities:						
Deposits payable from restricted assets	1,260,499	-	-	9,990	1,270,489	-
Self insurance claims	116,443	-	-	59,977	176,420	-
Compensated absences	540,127	272,574	43,307	52,525	908,533	42,773
Pension plan obligation	6,169,419	4,076,059	783,857	811,523	11,840,858	1,078,957
Other postemployment benefits obligations	2,055,656	1,493,842	257,397	287,131	4,094,026	353,961
Lease obligations	26,494	8,166	732	4,803	40,195	-
Notes payable	16,381,604	5,989,614	1,648,511	-	24,019,729	-
General obligation bonds	44,758,166	30,223,394	5,364,923	1,431,200	81,777,683	3,805,360
Direct borrowings	-	-	-	-	-	399,600
Public utility revenue bonds	738,816	75,441,882	1,051,422	-	77,232,120	-
Total noncurrent liabilities	72,047,224	117,505,531	9,150,149	2,657,149	201,360,053	5,680,651
<b>Total liabilities</b>	76,776,532	129,647,825	9,965,516	6,927,209	223,317,082	6,964,358
<b>Deferred Inflows of Resources</b>						
Lease related	-	-	-	56,419	56,419	-
Pension related	707,393	467,366	89,878	93,050	1,357,687	123,714
Other postemployment benefits related	1,354,954	992,264	169,446	190,197	2,706,861	232,997
<b>Total deferred inflows of resources</b>	2,062,347	1,459,630	259,324	339,666	4,120,967	356,711
<b>Net Position</b>						
Net investment in capital assets	40,072,778	211,352,517	6,721,848	48,725,190	306,872,333	15,313,334
Restricted for:						
Passenger facility charges	-	-	-	47,652	47,652	-
Unrestricted	1,533,834	19,171,745	2,203,891	13,150,143	36,059,613	11,945,815
<b>Total net position</b>	\$ 41,606,612	\$ 230,524,262	\$ 8,925,739	\$ 61,922,985	342,979,598	\$ 27,259,149
<b>Reconciliation with business-type activities in the Statement of Net Position:</b>						
Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments					(2,412,118)	
<b>Total net position of business-type activities</b>					\$ 340,567,480	

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

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
<b>Operating revenues</b>						
Charges for services and other operating revenues	\$ 18,831,397	\$ 31,619,700	\$ 4,299,036	\$ 3,692,116	\$ 58,442,249	\$ 8,668,796
Intergovernmental	-	-	275,000	88,587	363,587	-
<b>Total operating revenues</b>	<u>18,831,397</u>	<u>31,619,700</u>	<u>4,574,036</u>	<u>3,780,703</u>	<u>58,805,836</u>	<u>8,668,796</u>
<b>Operating expenses</b>						
Personal services and benefits	7,710,144	5,278,502	919,431	1,180,310	15,088,387	1,385,047
Operation and maintenance	1,867,804	5,130,159	631,260	1,890,030	9,519,253	3,148,763
Supplies and materials	1,661,864	3,357,548	134,383	304,895	5,458,690	180,136
Administration	2,011,337	4,735,364	1,858,992	323,203	8,928,896	7,859
Other charges	142,748	143,094	21,651	34,774	342,267	54,646
Depreciation and amortization	3,725,773	10,791,442	516,308	2,630,774	17,664,297	3,453,502
<b>Total operating expenses</b>	<u>17,119,670</u>	<u>29,436,109</u>	<u>4,082,025</u>	<u>6,363,986</u>	<u>57,001,790</u>	<u>8,229,953</u>
<b>Operating income (loss)</b>	<u>1,711,727</u>	<u>2,183,591</u>	<u>492,011</u>	<u>(2,583,283)</u>	<u>1,804,046</u>	<u>438,843</u>
<b>Nonoperating revenues (expenses)</b>						
Interest income	414,309	1,152,123	129,973	680,244	2,376,649	626,384
Miscellaneous	6,156	9,252	-	36,351	51,759	-
Gain (loss) on disposition of assets	50,232	(5,105)	-	-	45,127	216,185
Interest expense	(2,015,547)	(1,260,732)	(252,095)	(53,969)	(3,582,343)	(169,753)
<b>Total nonoperating revenues (expenses)</b>	<u>(1,544,850)</u>	<u>(104,462)</u>	<u>(122,122)</u>	<u>662,626</u>	<u>(1,108,808)</u>	<u>672,816</u>
<b>Income before contributions and transfers</b>	<u>166,877</u>	<u>2,079,129</u>	<u>369,889</u>	<u>(1,920,657)</u>	<u>695,238</u>	<u>1,111,659</u>
Capital contributions	337,097	20,997,224	-	6,624,383	27,958,704	-
Passenger facility charges	-	-	-	318,069	318,069	-
Transfers in	-	-	-	-	-	796,950
<b>Change in net position</b>	<u>503,974</u>	<u>23,076,353</u>	<u>369,889</u>	<u>5,021,795</u>	<u>28,972,011</u>	<u>1,908,609</u>
<b>Total net position - beginning</b>	<u>41,102,638</u>	<u>207,447,909</u>	<u>8,555,850</u>	<u>56,901,190</u>	<u>314,007,587</u>	<u>25,350,540</u>
<b>Total net position - ending</b>	<u>\$ 41,606,612</u>	<u>\$ 230,524,262</u>	<u>\$ 8,925,739</u>	<u>\$ 61,922,985</u>	<u>\$ 342,979,598</u>	<u>\$ 27,259,149</u>
<b>Reconciliation with business-type activities in the Statement of Activities:</b>						
Change in net position - enterprise funds reported in this statement					28,972,011	
Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments					<u>276,343</u>	
<b>Change in net position of business-type activities:</b>					<u>\$ 29,248,354</u>	

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2025

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
<b>Operating activities</b>						
Cash received from operations	\$ 18,730,421	\$ 31,731,370	\$ 4,534,680	\$ 3,777,677	\$ 58,774,148	\$ 8,668,796
Cash paid to employees	(7,997,127)	(5,675,266)	(988,116)	(1,332,646)	(15,993,155)	(1,305,649)
Cash paid to suppliers	(5,655,374)	(13,457,364)	(2,685,851)	(2,458,402)	(24,256,991)	(2,920,804)
<b>Net cash provided by (used in) operating activities</b>	<u>5,077,920</u>	<u>12,598,740</u>	<u>860,713</u>	<u>(13,371)</u>	<u>18,524,002</u>	<u>4,442,343</u>
<b>Noncapital financing activities</b>						
Transfers in	-	-	-	-	-	796,950
<b>Net cash provided by noncapital financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,950</u>
<b>Capital and related financing activities</b>						
Proceeds from issuance of long-term debt:						
Bond anticipation notes	9,410,034	1,659,741	1,417,892	-	12,487,667	-
Payment of long-term debt:						
General obligation debt	(1,886,393)	(1,570,526)	(95,000)	(106,565)	(3,658,484)	(383,894)
Direct borrowings	-	-	-	-	-	(133,200)
Revenue bonds	-	(6,449,022)	(87,619)	-	(6,536,641)	-
Lease obligations	(10,764)	(2,446)	(275)	(4,583)	(18,068)	(1,151)
Drawdowns of public utility revenue bonds - revolving loan funds	365,769	-	-	-	365,769	-
Payment of interest on long-term debt	(2,231,010)	(1,366,574)	(260,531)	(63,768)	(3,921,883)	(211,393)
Capital contributions received	-	-	-	3,588,709	3,588,709	-
Passenger facility charges collected	-	-	-	318,069	318,069	-
Gain (loss) on asset disposition	50,232	(5,105)	-	-	45,127	345,311
Additions to capital assets	(12,249,221)	(26,529,760)	(1,878,230)	(4,221,974)	(44,879,185)	(7,299,793)
Proceeds from (payments to) other governments	337,097	21,231,190	(3,976)	36,351	21,600,662	-
Payments from (to) other organizations	6,743	9,252	-	-	15,995	(39,925)
<b>Net cash used in capital and related financing activities</b>	<u>(6,207,513)</u>	<u>(13,023,250)</u>	<u>(907,739)</u>	<u>(453,761)</u>	<u>(20,592,263)</u>	<u>(7,724,045)</u>
<b>Investing activities</b>						
Net proceeds (purchases) of investments	1,143,007	4,505,809	(79,629)	-	5,569,187	(1,601,026)
Interest income received	414,309	1,152,123	129,973	680,244	2,376,649	626,384
<b>Net cash provided by (used in) investing activities</b>	<u>1,557,316</u>	<u>5,657,932</u>	<u>50,344</u>	<u>680,244</u>	<u>7,945,836</u>	<u>(974,642)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>427,723</u>	<u>5,233,422</u>	<u>3,318</u>	<u>213,112</u>	<u>5,877,575</u>	<u>(3,459,394)</u>
<b>Cash and cash equivalents</b>						
Beginning	<u>7,368,270</u>	<u>13,992,633</u>	<u>2,409,576</u>	<u>14,857,131</u>	<u>38,627,610</u>	<u>6,025,956</u>
Ending	<u>\$ 7,795,993</u>	<u>\$ 19,226,055</u>	<u>\$ 2,412,894</u>	<u>\$ 15,070,243</u>	<u>\$ 44,505,185</u>	<u>\$ 2,566,562</u>
<b>Reconciliation to Statement of Net Position</b>						
Current Assets	\$ 6,535,494	\$ 19,226,055	\$ 2,412,894	\$ 15,012,601	\$ 43,187,044	\$ 2,566,562
Restricted Assets	1,260,499	-	-	57,642	1,318,141	-
	<u>\$ 7,795,993</u>	<u>\$ 19,226,055</u>	<u>\$ 2,412,894</u>	<u>\$ 15,070,243</u>	<u>\$ 44,505,185</u>	<u>\$ 2,566,562</u>

(Continued)

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2025

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>						
Operating income (loss)	\$ 1,711,727	\$ 2,183,591	\$ 492,011	\$ (2,583,283)	\$ 1,804,046	\$ 438,843
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	3,725,773	10,791,442	516,308	2,630,774	17,664,297	3,453,502
Other postemployment benefit expense net of employer contributions	(391,841)	(482,879)	(107,977)	(119,626)	(1,102,323)	(22,560)
Pension expense net of employer contributions	(213,336)	(65,849)	691	(124,109)	(402,603)	(21,288)
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(126,200)	111,670	(39,356)	(4,341)	(58,227)	-
Decrease in lease receivable	-	-	-	15,418	15,418	-
(Increase) decrease in due from other funds	(30,617)	-	-	-	(30,617)	87,534
(Increase) decrease in inventory	(32,325)	-	-	(20,541)	(52,866)	16,825
Increase in prepaids	-	(219,055)	-	-	(219,055)	-
Increase (decrease) in accounts payable	91,321	127,856	(29,343)	100,488	290,322	453,775
Increase in accrued expenses	323,797	191,253	38,601	91,399	645,050	35,712
Decrease in due to other funds	(5,603)	(39,289)	(10,222)	-	(55,114)	-
Increase in deposits payable	25,224	-	-	450	25,674	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,077,920</b>	<b>\$ 12,598,740</b>	<b>\$ 860,713</b>	<b>\$ (13,371)</b>	<b>\$ 18,524,002</b>	<b>\$ 4,442,343</b>
<b>Supplemental cash flow information</b>						
<b>Non-cash transactions</b>						
Capital asset additions financed by retainage payable	\$ 241,798	\$ 193,854	\$ 59,121	\$ 213,731	\$ 708,504	\$ -
Capital asset additions financed by accounts payable	\$ 1,134,637	\$ 2,901,249	\$ 406,743	\$ 3,631,379	\$ 8,074,008	\$ -
Amortization of debt related items	\$ 162,022	\$ 72,758	\$ 6,456	\$ 7,856	\$ 249,092	\$ 34,749

**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2025**

	<u>Special Welfare</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 283,892
<b>Total assets</b>	<u>283,892</u>
<b>Liabilities</b>	
Accounts payable	489
Amounts held for others	<u>22,144</u>
<b>Total liabilities</b>	<u>22,633</u>
<b>Net Position</b>	
Restricted for individuals	<u>261,259</u>
<b>Total net position</b>	<u>\$ 261,259</u>

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

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2025**

	<u>Special Welfare</u>
<b>Additions</b>	
Contributions for the benefit of individuals	\$ 33,677
Interest earnings	6,568
<b>Total additions</b>	<u>40,245</u>
<b>Deductions</b>	
Payments to benefit individuals	28,049
<b>Total deductions</b>	<u>28,049</u>
<b>Increase in fiduciary net position</b>	<u>12,196</u>
<b>Net position - beginning</b>	<u>249,063</u>
<b>Net position - ending</b>	<u>\$ 261,259</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, 2025

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### ***Note 1. Summary of Significant Accounting Policies***

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#### **A. Financial Reporting Entity**

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

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

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

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

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

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

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

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

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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### Note 1. Summary of Significant Accounting Policies (Continued)

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#### 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 FY2025, the City paid \$7,084,836 to the Authority.

Horizon Behavioral Health (formerly Central Virginia Community Services Board): The City, in conjunction with the counties of Amherst, Appomattox, Bedford, and Campbell participates in Horizon Behavioral Health, the governing Board of which is composed of two members from each of the participating localities. The City appropriated \$943,770 for an operating contribution in FY2025.

Central Virginia Planning District Commission: The City serves as the grant recipient for the Federal Workforce Innovation and Opportunity Act's (WIOA) Adult, Dislocated Worker, and Youth Programs on behalf of the Central Virginia Planning District Commission/Central Virginia Workforce Development Board. According to the requirements, grant funds are used to provide employment and training activities for adults and dislocated workers and to provide services for eligible youth. During FY2025, the Central Virginia Planning District Commission received \$1,210,170 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 FY2025, the City's General Fund paid \$695,449 to the Authority.

Central Virginia Radio Communications Board: During 2012, the Old Central Virginia Regional Radio Communications Board was dissolved and replaced by the Region 2000 Radio Communications Board (the "Board"); name has since reverted back to *Central Virginia Radio Communications Board*. Since the current regional radio system was in need of significant upgrade and replacement before July 1, 2014, the Board was formed in order to manage the project operations and maintenance, including the issuance of debt to finance the upgrades and replacements in an efficient and cost effective manner. The Board consists of representatives from Amherst County, Bedford County, the Town of Bedford, the City of Lynchburg, collectively the "Member Jurisdictions," and the Virginia's Region 2000 Local Government Council, now named the Central Virginia Planning District Commission (CVPDC). The Member Jurisdictions and the CVPDC entered into a Cooperative Agreement which requires each Member Jurisdiction to contribute their pro rata share for annual capital costs, operational costs, and any annual deficit. The City's pro rata share is 33.1% effective through July 1, 2013. In accordance with the Cooperative Agreement, the City transferred the title to all 1996 assets to the CVPDC. The CVPDC issued debt of \$13,100,000 in May 2012 to finance the upgrade and replacement of the existing radio system. Each Member Jurisdiction contributes toward the debt service payments made by the CVPDC through their pro rata share of capital costs. The City's pro rata share of capital costs is 30.1%. Should the CVPDC fail to make debt service payments, the Member Jurisdictions have a moral non-binding obligation to pay the debt service. During FY2025, the City paid \$716,135 to the Board. The City's scheduled capital cost payment for FY26 is \$735,777.

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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### **Note 1. Summary of Significant Accounting Policies (Continued)**

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#### **A. Financial Reporting Entity (Continued)**

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

**Lynchburg Redevelopment and Housing Authority:** Under the *Code of Virginia* (“Code”), the Commonwealth of Virginia (“Commonwealth”) created in each city and county a redevelopment and housing authority which is a separate political subdivision of the Commonwealth. In April 1956, City Council activated the Lynchburg Redevelopment and Housing Authority (the “LRHA”) which owns and operates federal and state-assisted housing projects for low-income families and administers urban development projects. Commissioners of the LRHA are appointed by City Council; however, City Council is not financially accountable for LRHA. During FY2025, the City appropriated \$23,612 to the LRHA from the Community Development Block Grant Fund.

**Economic Development Authority of the City of Lynchburg:** Under the *Code*, City Council passed an ordinance on March 14, 1967, which created the Industrial Development Authority of the City of Lynchburg (the “IDA”). The IDA was established to promote industry and develop trade within the City. The IDA is governed by a board of seven directors appointed by City Council; however, City Council is not financially accountable for the IDA. In 2008 City Council changed the name from the Industrial Development Authority (IDA) to the Economic Development Authority (EDA) to more accurately reflect the work of the Authority beyond the focus of industrial development. Lynchburg’s EDA takes an active role in economic development efforts, actively pursuing investment and development opportunities, and elevating the economic development profile of the City. During FY2025, the City appropriated \$250,176 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, 2025

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### Note 1. Summary of Significant Accounting Policies (Continued)

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#### **B. Basis of Presentation (Continued)**

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following non-major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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### ***Note 1. Summary of Significant Accounting Policies (Continued)***

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#### **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, 2025

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### ***Note 1. Summary of Significant Accounting Policies (Continued)***

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#### **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, 2025

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### ***Note 1. Summary of Significant Accounting Policies (Continued)***

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#### **C. Measurement Focus and Basis of Accounting (Continued)**

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

#### **D. Budgets and Budgetary Accounting**

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

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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)	\$ 1,709,140
Less: Net change in fund balance for Technology Fund	<u>(28,256)</u>
Net change in fund balance (GAAP basis)	<u>\$ 1,680,884</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	\$ 2,993,041
General Fund, ambulance receivables	\$ 3,122,222
Enterprise Funds	\$ 734,944

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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**Note 1. Summary of Significant Accounting Policies (Continued)**

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**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, 2025

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### **Note 1. Summary of Significant Accounting Policies (Continued)**

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

- **Deferred Outflows / Inflows of Resources**

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

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

- **Compensated Absences**

City employees accumulate either vacation/sick leave (VRS Plan 1 & 2 employees) or PTO (VRS Hybrid employees) depending upon their hire date. Upon termination of employment vacation leave for Plan 1&2 employees is paid out up to a maximum of 288 hours; PTO leave for Hybrid employees is paid out up to a maximum of 248 hours, depending on length of service. Sick leave for Plan 1&2 employees is not paid out at all. 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, 2025

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**Note 1. Summary of Significant Accounting Policies (Continued)**

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**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, 2025

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### **Note 1. Summary of Significant Accounting Policies (Continued)**

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

##### **• Net Position/Fund Equity (Continued)**

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

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

#### **F. Estimates**

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

### **Note 2. Cash and Investments**

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#### **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, 2025

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### ***Note 2. Cash and Investments (Continued)***

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#### 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, 1% of the portfolio was invested in "F1+" rated obligations, 1% was invested in "Aaa" rated obligations; 39% was invested in "Aa1" rated obligations; 4% was invested in "Aa2", and 55% was invested in an "AAAm" rated LGIP fund. The "Aa1" rated portion of the total portfolio included 23% of obligations guaranteed by the U.S. Government; 16% of Federal Agencies; and 6% 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 39% of the City's portfolio previously noted as "Aaa" by Moody's Investors Service. All credit ratings presented in this paragraph are Moody's or Standard & Poor's as necessary.

##### Concentration of Credit Risk:

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

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

<u>Investment Type</u>	<u>% of Portfolio</u>
U. S. Treasury Notes	22.8%
Federal Farm Credit Bank	9.9%
Federal Home Loan Bank	4.9%
Municipal Bonds	6.5%

##### 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, 2025

***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	\$ 96,062,426	-
U.S. Treasury Notes	39,701,777	254
Federal Farm Credit Bank	17,309,864	243
Federal Home Loan Bank	8,502,327	189
Federal National Mortgage Association	1,194,219	56
Municipal Bonds	11,240,977	126
Total investments	<u>\$ 174,011,590</u>	
Portfolio weighted average maturity		868

\* 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	\$ 14,506	\$ -
Deposits	17,005,712	3,931,526
Funds held in trust by others	-	728,697
Investments	174,011,590	-
	<u>\$ 191,031,808</u>	<u>\$ 4,660,223</u>
Statement of net position:		
Cash and cash equivalents	\$ 106,128,323	\$ 3,931,526
Investments	77,949,164	-
Restricted cash and cash equivalents	6,670,429	-
Custodial fund cash and cash equivalents	283,892	728,697
	<u>\$ 191,031,808</u>	<u>\$ 4,660,223</u>

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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### ***Note 2. Cash and Investments (Continued)***

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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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Securities	\$ 39,701,777	\$ -	\$ -	\$ 39,701,777
U.S. Debt Securities	-	27,006,410	-	27,006,410
Municipal Bonds	-	11,240,977	-	11,240,977
	<u>\$ 39,701,777</u>	<u>\$ 38,247,387</u>	<u>\$ -</u>	<u>\$ 77,949,164</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.

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### ***Note 3. Property Taxes***

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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, 2025

***Note 4. Interfund Receivables, Payables, and Transfers***

Interfund balances at June 30, were as follows:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$ 2,353,829	\$ 1,011,427
Non-major Special Revenue Funds:		
City Federal/State Aid	344,969	850,108
Children’s Services Act	524,851	1,312,360
Community Development Block Grant	-	29,525
Forfeited Assets	2,522	-
Lynchburg Regional Juvenile Detention Center	139,084	130,263
HOME Investment Partnerships Program	-	29,884
Major Proprietary Funds:		
Water	38,218	-
Sewer	-	34,286
Stormwater	-	5,620
	\$ 3,403,473	\$ 3,403,473

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	\$ 1,600,000	\$ 8,828,392
Non-major Special Revenue Funds:		
City Federal/State Aid	2,602,060	-
Major Fund – Capital Projects		
City Capital Projects	5,429,382	1,600,000
Major Proprietary Funds:		
Internal Services	796,950	-
Total Fund Transfers	\$ 10,428,392	\$ 10,428,392

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.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***Note 4. Interfund Receivables, Payables and Transfers (Continued)***

Component Unit – Lynchburg City Schools

Interfund transfers were as follows:

	<u>To</u>	<u>From</u>
Discretely Presented Component – Lynchburg City Schools:		
Federal Aid	\$ -	\$ 14,882
Cafeteria	14,882	-
Total Fund Transfers	<u>\$ 14,882</u>	<u>\$ 14,882</u>

Transfers between School funds were primarily to support cafeteria operations.

Interfund receivables and payables of individual funds result primarily from cash disbursements made by one fund for expenditures of another and to support operations of the Schools.

***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:

	<u>Due From</u>	<u>Due To</u>
Primary Government:		
Major Fund:		
General Fund	\$ 4,359,246	\$ 5,370,710
Non-major Special Revenue Fund:		
Lynchburg Business Development Centre Fund	125,000	-
	<u>\$ 4,484,246</u>	<u>\$ 5,370,710</u>
Component Units:		
Lynchburg City Schools	\$ 5,370,710	\$ 3,401,926
Business Development Centre, Inc.	-	125,000
Greater Lynchburg Transit Company	-	957,320
	<u>\$ 5,370,710</u>	<u>\$ 4,484,246</u>

***Note 6. Due From Other Governments***

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

	<u>Primary Government</u>		<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Schools</u>	<u>Others</u>
Various federal and state grants	\$ 10,912,728	\$ 3,287,446	\$ 6,338,126	\$ 499,436
Virginia Revolving Loan	-	1,396,917	-	-
Members of Regional Sewage Treatment Plant	-	3,361,580	-	-
	<u>\$ 10,912,728</u>	<u>\$ 8,045,943</u>	<u>\$ 6,338,126</u>	<u>\$ 499,436</u>

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***Note 6. Due From Other Governments (Continued)***

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	\$ 356,257
Amount receivable 2 to 5 years	1,074,174
Amount receivable beyond 5 years	<u>1,931,149</u>
	<u>\$ 3,361,580</u>

***Note 7. Receivables***

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

	<u>Taxes</u>	<u>Accounts</u>	<u>Other</u>	<u>Total</u>
Major funds:				
General	\$ 17,941,436	\$ 6,533,935	\$ 2,069,386	\$ 26,544,757
City Capital Projects	-	-	6,745	6,745
Water	-	2,134,250	-	2,134,250
Sewer	-	4,294,168	-	4,294,168
Stormwater	-	570,033	-	570,033
Airport	-	144,290	-	144,290
Internal Service	-	67,964	-	67,964
Non-major Governmental Funds	-	-	1,292,186	1,292,186
	<u>\$ 17,941,436</u>	<u>\$ 13,744,640</u>	<u>\$ 3,368,317</u>	<u>\$ 35,054,393</u>

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

**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
<b><u>Capital assets, not being depreciated:</u></b>				
Land	\$ 25,932,799	\$ 77,556	\$ -	\$ 26,010,355
Historical Treasures	163,346	-	-	163,346
Construction in progress	72,979,581	(29,058,983)	-	43,920,598
Total capital assets, not being depreciated	99,075,726	(28,981,427)	-	70,094,299
<b><u>Capital assets, being depreciated:</u></b>				
Land improvements	70,372,903	4,442,609	-	74,815,512
Accumulated depreciation	(34,246,188)	(3,115,989)	-	(37,362,177)
Net land improvements	36,126,715	1,326,620	-	37,453,335
Buildings and improvements	329,940,942	52,414,510	(156,093)	382,199,359
Accumulated depreciation	(192,719,778)	(8,350,402)	156,093	(200,914,087)
Net buildings and improvements	137,221,164	44,064,108	-	181,285,272
Infrastructure	375,038,915	10,104,717	-	385,143,632
Accumulated depreciation	(207,657,292)	(8,861,065)	-	(216,518,357)
Net infrastructure	167,381,623	1,243,652	-	168,625,275
Machinery and equipment	72,848,271	15,438,583	(2,557,705)	85,729,149
Accumulated depreciation	(48,373,795)	(5,575,949)	2,071,964	(51,877,780)
Net machinery and equipment	24,474,476	9,862,634	(485,741)	33,851,369
Total capital assets, being depreciated	848,201,031	82,400,419	(2,713,798)	927,887,652
Less: accumulated depreciation	(482,997,053)	(25,903,405)	2,228,057	(506,672,401)
Total capital assets, being depreciated	365,203,978	56,497,014	(485,741)	421,215,251
<b><u>Lease assets:</u></b>				
Equipment	296,623	259,021	(26,257)	529,387
Infrastructure	2,441,805	-	-	2,441,805
Buildings	113,054	-	(37,799)	75,255
Accumulated amortization	(236,207)	(143,611)	64,056	(315,762)
Total lease assets being amortized	2,615,275	115,410	-	2,730,685
Capital assets, net	\$ 466,894,979	\$ 27,630,997	\$ (485,741)	\$ 494,040,235

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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***Note 8. Capital Assets (Continued)***

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Primary Government: (Continued)

Depreciation and amortization were charged to functions as follows:

Governmental activities:	
General government	\$ 1,089,717
Education	6,497,208
Judicial	596,592
Health and human services	288,940
Public safety	2,888,632
Public works	12,004,448
Community development	207,779
Cultural and recreational	<u>1,973,516</u>
Total governmental activities	<u>25,546,832</u>
Business-type activities:	
Water	133,895
Sewer	275,803
Stormwater	<u>90,486</u>
Total business-type activities	<u>500,184</u>
Total depreciation	<u>\$ 26,047,016</u>

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 \$500,184 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, 2025

***Note 8. Capital Assets (Continued)***

**Primary Government: (Continued)**

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

Business-type Activities	Beginning Balances	Transfers and Additions	Transfers and Retirements	Ending Balances
<b><u>Capital assets, not being depreciated:</u></b>				
Land	\$ 5,210,059	\$ 9,865	\$ -	\$ 5,219,924
Construction in progress	35,246,367	25,667,222	(1,191,566)	59,722,023
Total capital assets, not being depreciated	40,456,426	25,677,087	(1,191,566)	64,941,947
<b><u>Capital assets, being depreciated:</u></b>				
Land improvements	18,601,246	484,465	-	19,085,711
Accumulated depreciation	(12,941,074)	(195,916)	-	(13,136,990)
Net land improvements	5,660,172	288,549	-	5,948,721
Buildings and improvements	101,414,047	3,327,279	-	104,741,326
Accumulated depreciation	(45,156,675)	(3,160,676)	-	(48,317,351)
Net buildings and improvements	56,257,372	166,603	-	56,423,975
Infrastructure	561,447,219	21,701,846	(4,879,640)	578,269,425
Accumulated depreciation	(223,840,103)	(12,651,025)	4,879,640	(231,611,488)
Net infrastructure	337,607,116	9,050,821	-	346,657,937
Machinery and equipment	35,760,090	449,747	(151,139)	36,058,698
Accumulated depreciation	(18,412,481)	(1,491,106)	145,099	(19,758,488)
Net machinery and equipment	17,347,609	(1,041,359)	(6,040)	16,300,210
Capitalized interest	7,345,201	-	-	7,345,201
Accumulated depreciation	(3,334,630)	(146,904)	-	(3,481,534)
Net capitalized interest	4,010,571	(146,904)	-	3,863,667
Total capital assets being depreciated	724,567,803	25,963,337	(5,030,779)	745,500,361
Less: accumulated depreciation	(303,684,963)	(17,645,627)	5,024,739	(316,305,851)
Total capital assets, being depreciated	420,882,840	8,317,710	(6,040)	429,194,510
<b><u>Lease assets:</u></b>				
Equipment	82,613	9,822	-	92,435
Accumulated amortization	(14,969)	(18,670)	-	(33,639)
Total lease assets being amortized	67,644	(8,848)	-	58,796
Capital assets, net	\$ 461,406,910	\$ 33,985,949	\$ (1,197,606)	\$ 494,195,253

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***Note 8. Capital Assets (Continued)***

Component Units:

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

Lynchburg City Schools	Beginning Balances	Transfers and Additions	Transfers and Retirements	Ending Balances
<u>Capital assets, being depreciated:</u>				
Equipment	\$ 20,296,290	\$ 295,963	\$ (1,750,631)	\$ 18,841,622
Accumulated depreciation	(14,727,720)	(1,495,561)	1,697,026	(14,526,255)
Net equipment	5,568,570	(1,199,598)	(53,605)	4,315,367
Equipment – cafeteria	1,814,284	170,006	-	1,984,290
Accumulated depreciation	(1,241,853)	(74,840)	-	(1,316,693)
Net equipment – cafeteria	572,431	95,166	-	667,597
Subscription right-to-use-assets	6,359,976	905,692	-	7,265,668
Accumulated amortization	(2,941,954)	(3,674,967)	-	(6,616,921)
Net subscription right-to-use-assets	3,418,022	(2,769,275)	-	648,747
Total capital assets being depreciated/amortized	28,470,550	1,371,661	(1,750,631)	28,091,580
Less: accumulated depreciation/amortization	(18,911,527)	(5,245,368)	1,697,026	(22,459,869)
Capital assets, net	\$ 9,559,023	\$ (3,873,707)	\$ (53,605)	\$ 5,631,711

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

Land, buildings, and improvements	\$ 33,081,272
Construction in progress	1,328,706
Machinery and equipment	30,892,709
Subscription right-to-use assets	14,560
	65,317,247
Less accumulated depreciation/amortization	27,426,139
	\$ 37,891,108

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***Note 9. Long-Term Liabilities***

Primary Government:

General Obligation Debt:

As of June 30, 2025	Interest Rates (%)	Date Issued	Final Maturity	Original Issue	Public Improvements	School Facilities	Proprietary Funds	Total
<b>Bond Anticipation Note</b>								
Public Improvement	Variable-SOFR	07/18/23	06/15/26	\$ 68,500,000	\$ 7,503,612	\$ 1,412,039	\$ 24,019,729	\$ 32,935,380
Draw-down loan facility								
<b>General Obligation Bonds</b>								
VA Resources Authority	0.00	03/24/94	06/01/26	3,976,369	-	-	129,732	129,732
VPSA General Obligation	4.60-5.10	11/10/05	07/15/25	6,411,957	-	372,067	-	372,067
VPSA General Obligation	0.00	11/13/09	09/01/26	10,255,000	-	1,460,000	-	1,460,000
Public Improvement	2.00-5.00	05/19/16	02/01/46	26,945,000	9,161,284	-	9,953,716	19,115,000
Public Improvement								
Refunding	2.00-5.00	05/19/16	02/01/38	20,350,000	1,622,093	-	9,162,907	10,785,000
Public Improvement								
Refunding	3.00-5.00	09/26/17	08/01/39	29,100,000	2,689,472	7,643,960	11,121,568	21,455,000
Public Improvement	2.00-5.00	01/30/20	08/01/49	49,425,000	31,945,000	3,860,000	11,660,000	47,465,000
Public Improvement								
Refunding	4.00-5.00	10/29/20	12/01/33	15,340,000	2,879,243	2,099,336	3,301,421	8,280,000
Public Improvement	4.00-5.00	03/07/23	08/01/52	66,990,000	32,155,000	4,200,000	27,310,000	63,665,000
VA Resources Authority	0.50	01/30/24	06/01/45	7,500,000	7,500,000	-	-	7,500,000
Public Improvement								
Refunding	4.00-5.00	05/07/24	06/01/44	69,375,000	10,506,647	43,008,655	10,869,698	64,385,000
<b>General Obligation- Direct Borrowings</b>								
Public Improvement	2.75	10/23/13	12/01/28	10,000,000	1,881,583	249,617	532,800	2,664,000
					<u>\$ 107,843,934</u>	<u>\$ 64,305,674</u>	<u>\$ 108,061,571</u>	<u>\$ 280,211,179</u>

Authorized and unissued general obligation public improvement bonds amounted to \$80,005,774 at June 30, 2025.

As of June 30, the City's Primary Government had outstanding general obligation debt of \$280,211,179, including direct borrowings from commercial banks totaling \$2,664,000. 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, 2025

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### Note 9. Long-Term Liabilities (Continued)

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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 \$807.4 million. The City’s aggregate general obligation indebtedness was \$280.2 million and the City’s legal debt margin (amount available for issuance of additional debt) was \$527.2 million.

Debt Management Policy:

The City’s Debt Management Policy, which was reaffirmed on January 24, 2023, limits tax-supported debt to four and a half percent (4.50%) of its net assessed valuation of taxable property (general obligation bonds issued for self-supporting enterprise funds are not included in this calculation). As shown in the Supplementary Statistical Table 21, outstanding tax-supported debt was 2.10% 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 71.85%. There are no overlapping tax jurisdictions.

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***Note 9. Long-Term Liabilities (Continued)***

**Primary Government: (Continued)**

**Revenue Debt:**

As of June 30, 2025	Interest Rates %	Date Issued	Final Maturity	Final Issue	Water Fund	Sewer Fund	Stormwater Fund	Total
<b>Virginia Resources Authority</b>								
Public Utility Revenue Bonds	0.00	03/28/95	06/01/26	\$ 6,541,207	\$ -	\$ 182,989	\$ -	\$ 182,989
Public Utility Revenue Bonds	0.00	08/10/95	12/01/27	10,000,000	-	734,127	-	734,127
Public Utility Revenue Bonds	0.00	06/27/96	12/01/27	8,000,000	-	568,286	-	568,286
Public Utility Revenue Bonds	0.00	07/17/97	06/01/29	7,591,540	-	928,354	-	928,354
Public Utility Revenue Bonds	0.00	08/21/98	06/01/30	6,203,000	-	968,184	-	968,184
Public Utility Revenue Bonds	0.00	02/15/01	06/01/31	735,000	-	140,921	-	140,921
Public Utility Revenue Bonds	0.00	11/06/01	12/01/32	1,413,613	-	350,408	-	350,408
Public Utility Revenue Bonds	0.00	09/15/03	06/01/35	2,350,165	-	782,542	-	782,542
Public Utility Revenue Bonds	0.00	05/20/04	12/01/36	6,000,000	-	2,300,000	-	2,300,000
Public Utility Revenue Bonds	0.00	05/17/05	06/01/37	6,700,000	-	2,680,000	-	2,680,000
Public Utility Revenue Bonds	0.00	06/28/06	12/01/38	9,600,000	-	4,320,000	-	4,320,000
Public Utility Revenue Bonds	0.00	06/20/07	06/01/39	7,000,000	-	3,266,667	-	3,266,667
Public Utility Revenue Bonds	0.00	06/05/08	11/01/40	12,350,000	-	6,380,834	-	6,380,834
Public Utility Revenue Bonds	0.00	06/25/09	06/01/41	19,000,000	-	10,133,333	-	10,133,333
Public Utility Revenue Bonds	0.00	06/17/10	06/01/42	13,100,000	-	7,423,333	-	7,423,333
Public Utility Revenue Bonds	0.00	06/15/11	02/01/33	9,343,149	-	3,732,593	-	3,732,593
Public Utility Revenue Bonds	0.00	06/15/11	08/01/44	10,100,000	-	6,565,000	-	6,565,000
Public Utility Revenue Bonds	0.00	06/06/12	01/01/44	7,000,000	-	4,433,333	-	4,433,333
Public Utility Revenue Bonds	0.00	01/05/17	02/01/38	1,697,269	-	-	1,139,041	1,139,041
Public Utility Revenue Bonds	0.00	09/18/18	10/01/40	32,000,000	-	24,800,000	-	24,800,000
Public Utility Revenue Bonds	0.00	07/30/20	05/01/41	1,500,000	-	1,200,000	-	1,200,000
Public Utility Revenue Bonds	1.00	06/07/24	10/01/44	775,000	775,000	-	-	775,000
					<u>\$ 775,000</u>	<u>\$ 81,890,904</u>	<u>\$ 1,139,041</u>	<u>\$ 83,804,945</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 Virginia Water Supply Revolving Fund.

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 (the “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: 1) the costs of wastewater treatment facilities within the meaning of Section 62.1-224 of the Act; 2) the costs of constructing facilities or 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.

Pursuant to Chapter 23, Title 62.1 of the Code of Virginia (1950) as amended (the “Act”), the General Assembly created a fund known as the “Virginia Water Supply Revolving Fund” (the “Fund”). In conjunction with the Virginia Board of Health, 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 water supply facilities within the meaning of Section 62.1-233 of the Act.

All of the indenture agreements require the City to pledge its Water, Sewer, and Stormwater Funds 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, 24 and 25, the Water Fund’s debt coverage ratio for the year ended June 30 was 1.46, the Sewer Fund’s debt coverage ratio was 1.57 and the Stormwater Fund’s debt coverage ratio was 2.70.

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***Note 9. Long-Term Liabilities (Continued)***

**Primary Government: (Continued)**

**Summary of Changes in Long-Term Liabilities for FY 2025:**

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Bond anticipation notes	\$ 448,654	\$ 8,466,997	\$ -	\$ 8,915,651	\$ -
General obligation bonds	175,507,558	-	10,637,136	164,870,422	11,323,856
General obligation- Direct borrowings	3,330,000	-	666,000	2,664,000	666,000
Lease obligations	2,668,212	259,023	122,720	2,804,515	129,803
Other long-term payable *	1,312,667	-	437,555	875,112	437,555
Adjust for deferred amounts:					
Issuance discounts	(159,926)	-	(53,309)	(106,617)	-
Issuance premiums	15,969,997	-	1,510,226	14,459,771	-
Total bonds and notes	199,077,162	8,726,020	13,320,328	194,482,854	12,557,214
Workers' compensation**	3,235,475	(251,264)	945,130	2,039,081	244,690
Compensated absences**	6,276,079	1,834,631	-	8,110,710	973,283
	\$ 208,588,716	\$ 10,309,387	\$ 14,265,458	\$ 204,632,645	\$ 13,775,187
Business-Type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Bond anticipation notes	\$ 11,532,062	\$ 12,487,667	\$ -	\$ 24,019,729	\$ -
General obligation bonds	83,399,861	-	3,658,484	79,741,377	3,561,269
Public utility revenue bonds	90,341,586	-	6,536,641	83,804,945	6,572,825
Lease obligations	66,069	9,822	18,068	57,823	17,628
Adjust for deferred amounts:					
Issuance premiums	5,969,538	-	371,963	5,597,575	-
Total bonds and notes	191,309,116	12,497,489	10,585,156	193,221,449	10,151,722
Workers' compensation**	93,715	202,137	95,374	200,478	24,058
Compensated absences**	549,598	482,826	-	1,032,424	123,891
	\$ 191,952,429	\$ 13,182,452	\$ 10,680,530	\$ 194,454,351	\$ 10,299,671

\* 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.

The change in compensated absences above is the net change for the year.

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

**Note 9. Long-Term Liabilities (Continued)**

Primary Government: (Continued)

Debt Service to Maturity:

Year Ending June 30	Governmental Activities				
	General Obligation Bonds		General Obligation- Borrowings	Direct	Other Long- Term Payable
	Principal	Interest	Principal	Interest	Principal
2026	\$ 11,323,856	\$ 6,581,381	\$ 666,000	\$ 64,103	\$ 437,555
2027	10,790,362	5,992,883	666,000	45,788	437,557
2028	9,353,243	5,556,165	666,000	27,473	-
2029	9,504,072	5,134,617	666,000	9,158	-
2030	9,484,384	4,713,587	-	-	-
2031-2035	46,124,845	17,421,670	-	-	-
2036-2040	42,657,391	8,645,873	-	-	-
2041-2045	25,632,269	1,661,365	-	-	-
	<u>\$ 164,870,422</u>	<u>\$ 55,707,541</u>	<u>\$ 2,664,000</u>	<u>\$ 146,522</u>	<u>\$ 875,112</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
2026	\$ 1,954,221	\$ 1,675,248	\$ 1,395,185	\$ 1,077,454	\$ 100,000	\$ 219,950	\$ 111,863	\$ 57,841
2027	2,012,142	1,572,274	1,303,046	1,013,481	100,000	214,950	72,476	52,248
2028	2,051,836	1,482,251	1,321,536	960,155	110,000	209,700	78,253	49,774
2029	2,086,278	1,394,274	1,327,340	906,993	115,000	204,075	79,030	47,158
2030	2,057,934	1,309,459	1,281,197	855,237	120,000	198,200	80,066	44,473
31-35	10,683,779	5,206,201	6,331,553	3,472,421	700,000	895,325	470,971	166,274
36-40	10,791,715	3,176,684	6,095,185	2,342,195	870,000	715,247	329,798	74,822
41-45	5,997,292	1,645,967	5,148,681	1,390,859	1,080,000	519,456	200,000	12,200
46-50	3,975,000	730,897	3,985,000	607,713	1,300,000	293,966	-	-
51-53	1,845,000	116,222	1,380,000	87,038	800,000	50,531	-	-
	<u>\$ 43,455,197</u>	<u>\$ 18,309,477</u>	<u>\$ 29,568,723</u>	<u>\$ 12,713,546</u>	<u>\$ 5,295,000</u>	<u>\$ 3,521,400</u>	<u>\$1,422,457</u>	<u>\$ 504,790</u>

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

**Note 9. Long-Term Liabilities (Continued)**

Primary Government: (Continued)

Debt Service to Maturity: (Continued)

Year Ending June 30	Business-Type Activities			
	Revenue Bonds			
	Water Fund		Sewer Fund*	Stormwater Fund*
	Principal	Interest	Principal	Principal
2026	\$ 36,184	\$ 7,660	\$ 6,449,022	\$ 87,619
2027	36,546	7,297	6,266,032	87,619
2028	36,913	6,931	6,005,550	87,619
2029	37,283	6,561	5,745,067	87,619
2030	37,657	6,187	5,512,979	87,619
2031-2035	194,021	25,195	25,443,088	438,092
2036-2040	203,944	15,273	21,433,333	262,854
2041-2044	192,452	4,843	5,035,833	-
	<u>\$ 775,000</u>	<u>\$ 79,947</u>	<u>\$ 81,890,904</u>	<u>\$ 1,139,041</u>

\*Sewer and Stormwater Fund Revenue Bonds are 0.00% interest.

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

On July 18, 2023 the City issued a three-year General Obligation Bond Anticipation Note and concurrently entered into a line of credit Financing Agreement with JPMorgan Chase Bank, N.A. The Agreement provided for borrowings of up to \$68,500,000 to provide interim financing for qualifying city, school, water, sewer, stormwater, airport and fleet capital improvements. Interest on the unpaid principal is equal to the sum of (i) 80% times adjusted term secured overnight financing rate (SOFR), plus (ii) 0.55%, as calculated by the Lender. Interest shall be computed on the basis of the actual number of days elapsed in a 360-day year. Interest is paid monthly. All outstanding amounts are due on June 15, 2026. The unused line of credit as of June 30 is \$35,564,620.

**January 30, 2024 General Obligation Public Improvement Bonds, Series 2024 (Virginia Water Facilities Revolving Fund- College Lake Dam Project, Loan C-515768G)**

The City entered into a \$7,500,000 General Obligation Public Improvement Bond, Series 2024 Financing Agreement with the Virginia Resources Authority on January 30, 2024. Proceeds of the borrowing will be used to finance a portion of the College Lake Dam Removal Project. The bonds were issued with a 0.50% per annum interest rate. An interest-only payment shall be due and payable on December 1, 2025, with semi-annual principal and interest payments commencing June 1, 2026 and continuing semiannually thereafter on June 1 and December 1 in each year, with the final installment being due on June 1, 2045. As of June 30, the City has drawn \$3,712,393 on the loan. The remaining available proceeds of \$3,787,607 are expected to be drawn in FY 2026.

**June 7, 2024 Water Revenue Bonds, Series 2024 (Virginia Water Supply Revolving Fund- Water Line Inventory Project, Loan BIL 04L-22)**

The City entered into a \$775,000 Public Utility Water Revenue Bond, Series 2024 Financing Agreement with the Virginia Resource Authority on June 7, 2024. Proceeds of the borrowing will be used to pay a portion of the costs of a water line inventory project. The bonds were priced with a 1.00% per annum interest rate. An interest-only payment shall be due and payable on April 1, 2025; with principal and interest payments commencing on October 1, 2025 and continuing semiannually thereafter on April 1 and October 1 in each year, with the final installment being due on October 1, 2044. As of June 30, the City has drawn the full \$775,000 available on the loan.

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

**Note 9. Long-Term Liabilities (Continued)**

Primary Government: (Continued)

**August 22, 2025 Water Revenue Bonds, Series 2025 (Virginia Water Supply Revolving Fund- Water Line Inventory and Replacement Project, Loan BIL 66L-23)**

The City entered into a \$6,365,998 Public Utility Water Revenue Bond, Series 2025 Financing Agreement with the Virginia Resource Authority on August 22, 2025. Proceeds of the borrowing will be used to pay a portion of the costs of a water line inventory and replacement project. The bonds were priced with a 1.00% per annum interest rate. An interest-only payment shall be due and payable on July 1, 2027; with principal and interest payments commencing on January 1, 2028 and continuing semiannually thereafter on July 1 and January 1 in each year, with the final installment being due on January 1, 2047. All available proceeds are expected to be drawn by January 2027.

**September 19, 2025, Sewer Revenue Bonds, Series 2025A (Virginia Water Facilities Revolving Fund- CSO 52 Tunnel and Pump Station Project, Loan C-515865E)**

The City entered into a \$29,395,000 Public Utility Sewer Revenue Bond, Series 2025A Financing Agreement with the Virginia Resource Authority on September 19, 2025. Proceeds of the borrowing will be used to pay a portion of the costs of the Combined Sewer Overflow Tunnel and Pump Station Project. The bonds were priced with a 0.50% per annum interest rate. An interest-only payment shall be due and payable on March 1, 2028; with principal and interest payments commencing on September 1, 2028 and continuing semiannually thereafter on March 1 and September 1 in each year, with the final installment being due on September 1, 2052. All available proceeds are expected to be drawn by September 2027.

Component Unit – Lynchburg City Schools:

**Summary of Changes in Long-Term Liabilities for FY 2025:**

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Current</u> <u>Portion</u>
Compensated absences	\$ 1,455,776	\$ 1,385,981	\$ -	\$ 2,841,757	\$ 1,676,637
Subscription liability	3,059,521	864,454	3,552,852	371,123	368,768
	<u>\$ 4,515,297</u>	<u>\$ 2,250,435</u>	<u>\$ 3,552,852</u>	<u>\$ 3,212,880</u>	<u>\$ 2,045,405</u>

The Schools' has SBITAs for software platforms with periods expiring July 2025 through August 2026. The Schools' uses its estimated incremental borrowing rate ranging from 0.00% to 3.25% as the discount rate as none of the subscription arrangements have an explicitly stated interest rate. The value of the right-to-use subscription asset and related accumulated amortization as of year-end are disclosed in Note 8. The related liability as well as principal and interest requirements to maturity are disclosed below.

**GASB Statement No. 101**

During 2025, the City and Schools adopted GASB Statement No. 101, Compensated Absences. GASB Statement No. 101 established new guidance by updating the recognition and measurement for compensated absences. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The adoption of this statement had no effect on beginning net position.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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***Note 9. Long-Term Liabilities (Continued)***

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Component Unit – Lynchburg City Schools: (Continued)

Debt Service to Maturity:

<u>Year Ending June 30</u>	<u>Subscription Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 368,768	\$ 13,026
2027	2,355	44
	<u>\$ 371,123</u>	<u>\$ 13,070</u>

***Note 10. Fund Equity Balances***

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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 2025 the City was in compliance with the Fund Balance Policy.

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

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

	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
<b>FUND BALANCES</b>							
<b>Restricted for:</b>							
Fire Department	\$ -	\$ -	\$ -	\$ 336,422	\$ -	\$ -	\$ -
Public Safety	-	-	-	507,929	-	-	-
Economic Development	-	-	-	94,764	-	-	-
Opioid Abatement	-	-	-	2,382,494	-	-	-
Grants	-	2,601,530	-	231,733	-	-	-
Transportation Projects	-	691,146	-	-	-	-	-
State Asset Forfeiture - Commonwealth Attorney	-	-	-	-	-	-	64,996
Federal Asset Forfeiture- Police	-	-	-	-	-	-	264,486
State Asset Forfeiture - Police	-	-	-	-	-	-	66,293
Health and Human Services	-	-	-	-	-	-	-
Lynchburg Expressway beautification	-	-	-	-	-	-	-
Juvenile Detention Center	-	-	-	-	-	-	-
<b>Committed to:</b>							
Technology	1,713,043	-	-	-	-	-	-
Detention Home Workers Compensation	100,000	-	-	-	-	-	-
Schools for Textbooks	408,265	-	-	-	-	-	-
Schools for Health Insurance Reserve	1,066,925	-	-	-	-	-	-
Other Postemployment Benefits	3,393,636	-	-	-	-	-	-
Solid Waste Debt Retirement	82,728	-	-	-	-	-	-
Schools Special Education	321,000	-	-	-	-	-	-
GLTC Special Reserve	1,759,811	-	-	-	-	-	-
Self Insurance (5001)	701,805	-	-	-	-	-	-
Fuel	300,000	-	-	-	-	-	-
Concord Turnpike Landfill Maintenance	240,000	-	-	-	-	-	-
Airline Service	400,000	-	-	-	-	-	-
Debt Service	1,726,735	-	-	-	-	-	-
General Government	831	-	-	-	-	-	-
Health and Welfare	300	-	-	-	-	-	-
Public Works	105,958	-	-	-	-	-	-
Building projects	-	11,105,845	-	-	-	-	-
Transportation projects	-	13,938,041	-	-	-	-	-
Economic Development projects	-	3,786,102	-	-	-	-	-
Parks and Recreation projects	-	2,892,661	-	-	-	-	-
Other	-	540,453	-	-	-	-	-
School Construction and Maintenance	-	-	4,158,359	-	-	-	-
Schools non-closure	1,600,000	-	-	-	-	-	-
Provision of loan funds for small businesses	-	-	-	-	-	125,384	-
<b>Assigned to:</b>							
Return of School Fund Balance	3,401,927	-	-	-	-	-	-
Law Library	79,611	-	-	-	-	-	-
Museum	50,028	-	-	-	-	-	-
Recreation Programs	462,826	-	-	-	-	-	-
Pier Program	1,535	-	-	-	-	-	-
Health Insurance Reserve	3,176,470	-	-	-	-	-	-
Line of Duty Death Benefit	501,440	-	-	-	-	-	-
Future Landfill Needs	260,998	-	-	-	-	-	-
Parking Operations	261,703	-	-	-	-	-	-
Point of Honor	2,653	-	-	-	-	-	-
Fire Restitution	100	-	-	-	-	-	-
Juvenile Detention Center	-	-	-	-	-	-	-
Adopt-A-Bed	1,085	-	-	-	-	-	-
Virginia Land Conservancy	2,314	-	-	-	-	-	-
General Government	498,180	-	-	-	-	-	-
Health and Welfare	40,788	-	-	-	-	-	-
Judicial	9,892	-	-	-	-	-	-
Public Safety	2,684,838	-	-	-	-	-	-
Public Works	3,562,208	-	-	-	-	-	-
Community Development	135,158	-	-	-	-	-	-
Community Diversion	113,528	-	-	-	-	-	-
Cultural & Recreational	54,744	-	-	-	-	-	-
Fire Training Center	5,850	-	-	-	-	-	-
<b>Unassigned:</b>	47,419,842	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>\$ 76,648,755</b>	<b>\$ 35,555,778</b>	<b>\$ 4,158,359</b>	<b>\$ 3,553,342</b>	<b>\$ -</b>	<b>\$ 125,384</b>	<b>\$ 395,775</b>

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

NON MAJOR SPECIAL REVENUE FUNDS					
FUND BALANCES	CHILDREN'S SERVICES ACT	LYNCHBURG EXPRESSWAY APPEARANCE	HOME INVESTMENT PARTNERSHIP PROGRAM	LYNCHBURG REGIONAL JUVENILE DETENTION CENTER	ALL FUNDS
<b>Restricted for:</b>					
Fire Department	\$ -	\$ -	\$ -	\$ -	\$ 336,422
Public Safety	-	-	-	-	507,929
Economic Development	-	-	-	-	94,764
Opioid Abatement	-	-	-	-	2,382,494
Grants	-	-	-	-	2,833,263
Transportation Projects	-	-	-	-	691,146
State Asset Forfeiture - Commonwealth Attorney	-	-	-	-	64,996
Federal Asset Forfeiture- Police	-	-	-	-	264,486
State Asset Forfeiture - Police	-	-	-	-	66,293
Health and Human Services	15,406	-	-	-	15,406
Lynchburg Expressway beautification	-	166,952	-	-	166,952
Juvenile Detention Center	-	-	-	275,863	275,863
<b>Committed to:</b>					
Technology	-	-	-	-	1,713,043
Detention Home Workers Compensation	-	-	-	-	100,000
Schools for Textbooks	-	-	-	-	408,265
Schools for Health Insurance Reserve	-	-	-	-	1,066,925
Other Postemployment Benefits	-	-	-	-	3,393,636
Solid Waste Debt Retirement	-	-	-	-	82,728
Schools Special Education	-	-	-	-	321,000
GLTC Special Reserve	-	-	-	-	1,759,811
Self Insurance (5001)	-	-	-	-	701,805
Fuel	-	-	-	-	300,000
Concord Turnpike Landfill Maintenance	-	-	-	-	240,000
Airline Service	-	-	-	-	400,000
Debt Service	-	-	-	-	1,726,735
General Government	-	-	-	-	831
Health and Welfare	-	-	-	-	300
Public Works	-	-	-	-	105,958
Building projects	-	-	-	-	11,105,845
Transportation projects	-	-	-	-	13,938,041
Economic Development projects	-	-	-	-	3,786,102
Parks and Recreation projects	-	-	-	-	2,892,661
Other	-	-	-	-	540,453
School Construction and Maintenance	-	-	-	-	4,158,359
Schools non-closure	-	-	-	-	1,600,000
Provision of loan funds for small businesses	-	-	-	-	125,384
<b>Assigned to:</b>					
Return of School Fund Balance	-	-	-	-	3,401,927
Law Library	-	-	-	-	79,611
Museum	-	-	-	-	50,028
Recreation Programs	-	-	-	-	462,826
Pier Program	-	-	-	-	1,535
Health Insurance Reserve	-	-	-	-	3,176,470
Line of Duty Death Benefit	-	-	-	-	501,440
Future Landfill Needs	-	-	-	-	260,998
Parking Operations	-	-	-	-	261,703
Point of Honor	-	-	-	-	2,653
Fire Restitution	-	-	-	-	100
Juvenile Detention Center	-	-	-	234	234
Adopt-A-Bed	-	-	-	-	1,085
Virginia Land Conservancy	-	-	-	-	2,314
General Government	-	-	-	-	498,180
Health and Welfare	-	-	-	-	40,788
Judicial	-	-	-	-	9,892
Public Safety	-	-	-	-	2,684,838
Public Works	-	-	-	-	3,562,208
Community Development	-	-	-	-	135,158
Community Diversion	-	-	-	-	113,528
Cultural & Recreational	-	-	-	-	54,744
Fire Training Center	-	-	-	-	5,850
<b>Unassigned:</b>					
	-	-	-	-	47,419,842
<b>Total Fund Balance</b>	<b>\$ 15,406</b>	<b>\$ 166,952</b>	<b>\$ -</b>	<b>\$ 276,097</b>	<b>\$ 120,895,848</b>

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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### ***Note 11. Defined Benefit Pension Plan – City of Lynchburg***

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#### **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, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Active members	1,182
Inactive members	2,270
Total covered employees	<u>3,452</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, 2025 was 20.96% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$16,893,841 and \$15,587,270 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$284,749 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll, which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$294,477 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$29,961,946 for the year ended June 30, 2025.

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

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**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, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023 rolled forward to the measurement date of June 30, 2024.

**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, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

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

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

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

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Long-Term Expected Rate of Return**

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

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

The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

**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. For the year ended June 30, 2024, the employer contribution rate used is 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability/(Asset)**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability/Asset (a)-(b)</b>
Balance at June 30, 2023	\$ 434,406,236	\$ 346,115,241	\$ 88,290,995
Changes for the year:			
Service cost	8,749,979	-	8,749,979
Interest	29,007,272	-	29,007,272
Differences between expected and actual experience	17,547,751	-	17,547,751
Contributions – employer	-	14,911,461	(14,911,461)
Contributions – employee	-	3,451,142	(3,451,142)
Net investment income	-	33,231,331	(33,231,331)
Benefit payments, including refunds of employee contributions	(26,837,692)	(26,837,692)	-
Administrative expenses	-	(222,270)	222,270
Other changes	-	5,809	(5,809)
Net change	28,467,310	24,539,781	3,927,529
Balance at June 30, 2024	\$ 462,873,546	\$ 370,655,022	\$ 92,218,524

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
Political subdivision’s net pension liability	\$ 147,100,621	\$ 92,218,524	\$ 46,773,006

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

For the year ended June 30, 2025, the political subdivision recognized pension expense of \$11,760,393. At June 30, 2025, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 13,191,943	\$ 891,578
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	9,682,308
Employer contributions subsequent to the measurement date	16,893,841	-
Total	<u>\$ 30,085,784</u>	<u>\$ 10,573,886</u>

The \$16,893,841 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Increase (Reduction) to Pension Expense</b>
2026	\$ (3,560,632)
2027	8,281,061
2028	(69,992)
2029	(2,032,380)
2030	-
Thereafter	-

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

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**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2024-annual-report.pdf](http://varetire.org/pdf/publications/2024-annual-report.pdf), or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Payables to the Pension Plan**

At June 30, 2025 \$1,667,763 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

**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, 2023 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>116</u>
Inactive members:	
Vested inactive members	21
Non-vested inactive members	89
Inactive members active elsewhere in VRS	<u>36</u>
Total inactive members	<u>146</u>
Active members	<u>133</u>
Total covered employees	<u><u>395</u></u>

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

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**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, 2025 was 5.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$264,284 and \$187,886 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$149,882 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$112,673 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$2,817,326 for the year ended June 30, 2025.

**Net Pension Liability**

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

**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, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

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

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**Long-Term Expected Rate of Return**

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

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

\* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 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**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2023	\$ 17,080,084	\$ 17,961,030	\$ (880,946)
Changes for the year:			
Service cost	410,213	-	410,213
Interest	1,203,427	-	1,203,427
Differences between expected and actual experience	779,197	-	779,197
Contributions – employer	-	187,656	(187,656)
Contributions – employee	-	219,798	(219,798)
Net investment income	-	1,799,462	(1,799,462)
Benefit payments, including refunds of employee contributions	(1,248,378)	(1,248,378)	-
Administrative expenses	-	(12,510)	12,510
Other changes	-	(44,740)	44,740
Net changes	1,144,459	901,288	243,171
Balances at June 30, 2024	<u>\$ 18,224,543</u>	<u>\$ 18,862,318</u>	<u>\$ (637,775)</u>

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
School division’s net pension liability (asset)	\$ 1,499,050	\$ (637,775)	\$ (2,427,345)

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

For the year ended June 30, 2025, the school division recognized pension expense of \$132,264. At June 30, 2025, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 424,269	\$ -
Net difference between projected and actual earnings on pension plan investments	-	530,256
Employer contributions subsequent to the measurement date	264,284	-
Total	<u>\$ 688,553</u>	<u>\$ 530,256</u>

The \$264,284 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended June 30,</b>	<b>Reduction to Pension Expense</b>
2026	\$ (106,902)
2027	213,018
2028	(101,311)
2029	(110,792)
2030	-
Thereafter	-

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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#### **Pension Plan Data**

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

#### **Payables to the Pension Plan**

At June 30, 2025, \$42,696 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

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

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#### **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.

##### **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, 2025 was 14.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$9,405,158 and \$10,416,976 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$5,187,340 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$1,460,193 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$36,504,859 for the year ended June 30, 2025.

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**General Information about the Teacher Cost Sharing Plan (Continued)**

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

At June 30, 2025, the School Division reported a liability of \$57,934,167, for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division’s proportion was 0.601% as compared to 0.623% at June 30, 2023.

For the year ended June 30, 2025, the School Division recognized pension expense of \$5,076,877. 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. Beginning with the June 30, 2022 measurement date, the difference between the expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 10,050,761	\$ 1,192,905
Change in assumptions	1,051,583	-
Net difference between projected and actual earnings on pension plan investments	-	7,974,674
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,851,524	858,739
Employer contributions subsequent to the measurement date	9,405,158	-
Total	<u>\$ 22,359,026</u>	<u>\$ 10,026,318</u>

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**General Information about the Teacher Cost Sharing Plan (Continued)**

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

The \$9,405,158 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Increase (Reduction) to Pension Expense</u>
2026	\$ (3,707,808)
2027	5,577,019
2028	1,569,201
2029	(510,862)
2030	-
Thereafter	-

**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, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b><u>Teacher Employee Retirement Plan</u></b>
Total Pension Liability	\$ 60,622,260
Plan Fiduciary Net Position	<u>51,235,326</u>
Employers’ Net Pension Liability (Asset)	<u>\$ 9,386,934</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.52%

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.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**General Information about the Teacher Cost Sharing Plan (Continued)**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia Page 15 of 20 Create 7/1/2025 General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2024, on, school divisions 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.

**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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
School division’s proportionate share of the VRS Teacher Employee Retirement plan net pension liability	\$ 107,630,327	\$ 57,934,167	\$ 17,234,594

**Pension Plan Fiduciary Net Position**

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

**Payables to the Pension Plan**

At June 30, 2025, approximately \$1,094,369 was payable to the Virginia Retirement System for the legally required contributions related to June 2025 payroll.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***Note 13. Summary of Pension Benefit Elements***

A summary of pension financial statement elements are as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
<b>Deferred outflows of resources</b>			
Pension contributions subsequent to measurement date	\$ 14,724,671	\$ 2,169,170	\$ 16,893,841
Differences between expected and actual experience	11,498,097	1,693,846	13,191,943
Total deferred outflow of resources	<u>\$ 26,222,768</u>	<u>\$ 3,863,016</u>	<u>\$ 30,085,784</u>
<b>Net pension liability</b>	<u>\$ 80,377,666</u>	<u>\$ 11,840,858</u>	<u>\$ 92,218,524</u>
<b>Deferred inflows of resources</b>			
Differences between projected and actual earnings on investments	\$ 8,439,100	\$ 1,243,208	\$ 9,682,308
Differences between expected and actual experience	777,099	114,479	891,578
Total deferred inflow of resources	<u>\$ 9,216,199</u>	<u>\$ 1,357,687</u>	<u>\$ 10,573,886</u>
<b>Pension Expense</b>			
VRS	<u>\$ 10,250,359</u>	<u>\$ 1,510,034</u>	<u>\$ 11,760,393</u>
Total pension expense	<u>\$ 10,250,359</u>	<u>\$ 1,510,034</u>	<u>\$ 11,760,393</u>

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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***Note 13. Summary of Pension Benefit Elements (Continued)***

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**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.

	<b><u>School Board Component Unit</u></b>
<b>Deferred outflows of resources:</b>	
Changes in proportion and related differences – cost sharing plans VRS Teacher cost sharing plan	\$ 1,851,524
Changes in assumptions VRS Teacher cost sharing plan	1,051,583
Difference between expected and actual experience VRS – nonprofessionals	424,269
VRS Teacher cost sharing plan	10,050,761
Contributions subsequent to measurement date VRS – nonprofessionals	264,284
VRS Teacher cost sharing plan	9,405,158
	<u>\$ 23,047,579</u>
<b>Net VRS liability (asset) liability:</b>	
VRS – nonprofessionals	\$ (637,775)
VRS Teacher cost sharing plan	57,934,167
	<u>\$ 57,296,392</u>
<b>Deferred inflows of resources:</b>	
Difference between expected and actual experience VRS Teacher cost sharing plan	\$ 1,192,905
Net difference between projected and actual earnings on pension plan investments VRS – nonprofessionals	530,256
VRS Teacher cost sharing plan	7,974,674
Changes in proportion and related differences – cost sharing plans VRS Teacher cost sharing plan	858,739
	<u>\$ 10,556,574</u>
<b>Net VRS expense (benefit)</b>	
VRS – nonprofessionals	\$ 132,264
VRS Teacher cost sharing plan	5,076,877
	<u>\$ 5,209,141</u>

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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***Note 14. Other Post-Employment Benefits – Healthcare***

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**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, 2024, was as follows:

Actives	1,154
Retired/Dependents	<u>458</u>
Total Participants	<u>1,612</u>

**Total OPEB Liability**

The City’s total OPEB liability of \$28,773,558 was measured as of June 30, 2025, and was determined by an actuarial valuation as of January 1, 2024.

**Actuarial Assumptions**

In the January 1, 2024 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 4.81% 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 PUB-2010 for Males and Females projected generationally to 2020 with Scale SSA.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**City of Lynchburg (Continued)**

**Changes in OPEB Liability**

	<u>2025</u>
Service Cost	\$ 239,461
Interest	1,271,919
Difference between expected and actual experience	-
Changes in assumptions	(2,826,939)
Benefit payments, including implicit subsidies	<u>(2,910,236)</u>
Net Change in Total OPEB Liability	(4,225,795)
Total OPEB Liability – Beginning of Year	<u>32,999,353</u>
Total OPEB Liability – End of Year	<u>\$ 28,773,558</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 4.81%, 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:

	<u>1.00% Decrease (3.81%)</u>	<u>Current Discount Rate (4.81%)</u>	<u>1.00% Increase (5.81%)</u>
Total OPEB Liability	\$ 32,649,242	\$ 28,773,558	\$ 25,629,859
Net OPEB Liability	<u>\$ 32,649,242</u>	<u>\$ 28,773,558</u>	<u>\$ 25,629,859</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:

	<u>1.00% Decrease (3.25%)</u>	<u>Current Ultimate Trend Rate (4.25%)</u>	<u>1.00% Increase (5.25%)</u>
Total OPEB Liability	\$ 25,539,534	\$ 28,773,558	\$ 32,719,009
Net OPEB Liability	<u>\$ 25,539,534</u>	<u>\$ 28,773,558</u>	<u>\$ 32,719,009</u>
Ratio of Plan Net Position to Total OPEB Liability	0.0%	0.0%	0.0%

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**City of Lynchburg (Continued)**

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

For the year ended June 30, 2025, the City recognized OPEB expense (benefit) of \$(3,776,461). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 14,094,558
Change in actuarial assumptions	2,658,301	6,487,005
Total	<u>\$ 2,658,301</u>	<u>\$ 20,581,563</u>

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

<u>Year ended June 30,</u>	<u>Net Amount of /(Inflow)</u>
2026	\$ (6,144,899)
2027	(6,144,905)
2028	(1,607,036)
2029	(1,966,909)
2030	(900,522)
After 2030	(1,158,991)
Total Amount to be Recognized	<u>\$ (17,923,262)</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, 2025

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

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**Lynchburg City Schools (Continued)**

**Employees Covered by Benefit Terms**

As of the July 1, 2024 actuarial valuation, the following employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefits	33
Active plan members	<u>2,120</u>
Total participants	<u>2,153</u>

**Total OPEB Liability**

The School's total OPEB liability of \$6,794,574 was measured as of June 30, 2024 and was determined based on an actuarial valuation performed as of July 1, 2024.

**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-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 for the VRS. Changes in assumptions and other inputs reflect a change in the discount rate based on GASB 75 rules.

**Changes in the Total OPEB Liability**

Balance at June 30, 2023	<u>\$ 9,049,059</u>
Changes for the year:	
Service cost	756,019
Interest	380,810
Difference between expected and actual experiences	(2,000,596)
Assumption or other input changes	(1,511,642)
Benefit payments	<u>120,924</u>
Net changes	<u>(2,254,485)</u>
Balance at June 30, 2024	<u>\$ 6,794,574</u>

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Lynchburg City Schools (Continued)**

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

The following presents the total OPEB liability of the Schools, as well as what the Schools’ total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current discount rate:

	<b><u>1.00% Decrease (2.97%)</u></b>	<b><u>Current Discount Rate (3.97%)</u></b>	<b><u>1.00% Increase (4.97%)</u></b>
Total OPEB liability	\$ 7,571,257	\$ 6,794,574	\$ 6,112,317

**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:

	<b><u>1.00% Decrease (7.00%)</u></b>	<b><u>Current Healthcare Cost Trend Rate (8.00%)</u></b>	<b><u>1.00% Increase (9.00%)</u></b>
Total OPEB liability	\$ 5,956,799	\$ 6,794,574	\$ 7,806,455

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

For the year ended June 30, 2025, the Schools recognized OPEB expense of \$(219,021). At June 30, 2025, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 4,465,859
Change in assumptions	285,997	1,343,609
Employer contributions subsequent to the measurement date	326,317	-
Total	<u>\$ 612,314</u>	<u>\$ 5,809,468</u>

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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#### **Lynchburg City Schools (Continued)**

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

The \$326,317 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ended June 30,</b>	<b>Reduction to OPEB Expense</b>
2026	\$ (1,355,852)
2027	(1,418,603)
2028	(850,320)
2029	(893,918)
2030	(503,028)
Thereafter	(501,750)

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

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#### **City of Lynchburg**

#### **Summary of Significant Accounting Policies**

##### **Group Life Insurance**

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

#### **General Information about the Group Life Insurance Program**

##### **Plan Description**

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

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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#### **City of Lynchburg (Continued)**

#### **General Information about the Group Life Insurance Program (Continued)**

##### **Plan Description (Continued)**

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

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

##### **Contributions**

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the City were \$378,079 and \$399,369 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the City reported a liability of \$3,201,022 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the City's proportion was 0.28685% as compared to 0.28619% at June 30, 2023.

For the year ended June 30, 2025, the City recognized GLI OPEB expense of \$68,151. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**City of Lynchburg (Continued)**

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 504,875	\$ 78,190
Net difference between projected and actual earnings on GLI OPEB program investments	-	269,813
Changes in Actuarial Assumptions	18,246	158,636
Changes in Proportionate Share	129,245	57,404
Employer contributions subsequent to the measurement date	378,079	-
Total	<u>\$ 1,030,445</u>	<u>\$ 564,043</u>

\$378,079 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<b>Year Ended June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2026	\$ (137,066)
2027	72,554
2028	35,600
2029	66,317
2030	50,918
Thereafter	-

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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

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

**Net GLI 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, 2024, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	<b>GLI OPEB Program</b>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
Employers’ Net GLI OPEB Liability (Asset)	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

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.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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:

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

\* The above allocation provides for a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14, including inflation of 2.50%.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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

##### **Sensitivity of the 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:

	<b><u>1.00% Decrease (5.75%)</u></b>	<b><u>Current Discount Rate (6.75%)</u></b>	<b><u>1.00% Increase (7.75%)</u></b>
Total GLI OPEB Liability	\$ 4,978,006	\$ 3,201,022	\$ 1,765,454

##### **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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://varetire.org/pdf/publications/2024-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

##### **Payables to the VRS Group Life Insurance OPEB Plan**

At June 30, 2025 the City reported a payable of \$206,634 for the outstanding amount of contributions to VRS required for the year ended June 30, 2025.

##### **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, 2025

***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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the Schools General plan were \$23,592 and \$26,390 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the Group Life Insurance Program from the Schools Teachers plan were \$314,024 and \$357,917 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the Schools General plan reported a liability of \$214,222 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Schools General plan proportion was 0.02000% as compared to 0.02014% at June 30, 2023.

For the year ended June 30, 2025, the Schools General plan recognized GLI OPEB expense of \$4,374. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 33,788	\$ 5,233
Changes in actuarial assumptions	1,221	10,616
Net difference between projected and actual earnings on GLI OPEB program investments	-	18,056
Changes in proportion	6,887	5,316
Employer contributions subsequent to the measurement date	23,592	-
Total	<u>\$ 65,488</u>	<u>\$ 39,221</u>

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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)**

\$23,592 reported as deferred outflows of resources related to the GLI OPEB resulting from the School’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<b>Year Ended June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2026	\$ (7,748)
2027	5,522
2028	628
2029	1,523
2030	2,750
Thereafter	-

At June 30, 2025, the Schools Teachers plan reported a liability of \$2,907,842 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The covered employer’s proportion of the Net GLI OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Schools Teachers plan proportion was 0.24900% as compared to 0.26554% at June 30, 2023.

For the year ended June 30, 2025, the Schools Teachers plan recognized GLI OPEB benefit of \$2,650. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 458,634	\$ 71,028
Changes in actuarial assumptions	16,575	144,106
Net difference between projected and actual earnings on GLI OPEB program investments	-	245,101
Changes in proportion	52,451	93,926
Employer contributions subsequent to the measurement date	314,024	-
Total	<u>\$ 841,684</u>	<u>\$ 554,161</u>

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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)**

\$314,024 reported as deferred outflows of resources related to the GLI OPEB resulting from the School’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<b>Year Ended June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2026	\$ (167,333)
2027	36,043
2028	17,855
2029	35,869
2030	51,065
Thereafter	-

**Actuarial Assumptions**

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

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	7.25 – 4.25%
• Ages 65 and older	6.50 – 4.25%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

**Net OPEB Liability**

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

	<b>GLI OPEB Program</b>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
Employers’ Net GLI OPEB Liability (Asset)	\$ 1,115,922
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Lynchburg City Schools (Continued)**

**Net OPEB Liability (Continued)**

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	32.00 %	6.70 %	2.14 %
Fixed Income	16.00	5.40	0.86
Credit Strategies	16.00	8.10	1.30
Real Assets	15.00	7.20	1.08
Private Equity	15.00	8.70	1.31
PIP – Private Investment Partnership	1.00	8.00	0.08
Diversifying Strategies	6.00	5.80	0.35
Cash	2.00	3.00	0.06
Leverage	(3.00)	3.50	(0.11)
Total	100.00 %		7.07 %
Expected arithmetic nominal return*		7.07 %	

\* The above allocation provides for a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14, including inflation of 2.50%.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Lynchburg City Schools (Continued)**

**Discount Rate**

The discount rate used to measure the GLI and HIC OPEB liabilities 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 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, 2024, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate for GLI and 100% of the actuarially determined contribution rate for all other OPEB plans. From July 1, 2024 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans’ 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 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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
Total GLI OPEB Liability – General	\$ 333,143	\$ 214,222	\$ 118,146
Total GLI OPEB Liability – Teachers	\$ 4,522,073	\$ 2,907,842	\$ 1,603,756

**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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf> or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the VRS Group Life Insurance OPEB Plan**

At June 30, 2025 the School’s General plan and Teachers plan reported payables of \$5,166 and \$68,761, respectively for the outstanding amount of contributions to VRS required for the year ended June 30, 2025.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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#### **Lynchburg City Schools**

#### **Summary of Significant Accounting Policies**

##### **Teacher Employee Health Insurance Credit Program**

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

##### **General Information about the Teacher Employee Health Insurance Credit Program**

###### **Plan Description**

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

##### **General Information about the General Employee Health Insurance Credit Program**

###### **Plan Description**

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

As of the June 30, 2024 actuarial valuation, the following employees were covered by the benefit terms of the General Employee Health Insurance Credit Program:

Inactive members or their beneficiaries currently receiving benefits	25
Inactive members:	
Vested inactive members	8
Total inactive members	33
Active elsewhere in VRS	26
Active members	133
Total covered employees	192

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Lynchburg City Schools (Continued)**

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

**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, 2025, 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, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Teacher Employee Health Insurance Credit Program from the Schools were \$803,197 and \$807,175 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the General Employee Health Insurance Credit Program from the Schools were \$34,386 and \$33,937 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the School’s reported a liability of \$7,206,379 for its proportionate share of the Teacher Net HIC OPEB Liability. The Teacher Net HIC OPEB Liability was measured as of June 30, 2024 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, 2023 and rolled forward to the measurement date of June 30, 2024. The covered employer’s proportion of the Teacher Net HIC OPEB Liability was based on the covered employer’s actuarially determined employer contributions to the HIC Program for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School’s proportion was 0.69000% as compared to 0.62707% at June 30, 2023.

For the year ended June 30, 2025, the School’s recognized Teacher HIC OPEB expense of \$417,671. 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, 2025, the School’s reported deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 341,421
Changes in actuarial assumptions	124,145	-
Net difference between projected and actual earnings on HIC OPEB program investments	-	25,633
Changes in proportion	260,010	317,126
Employer contributions subsequent to the measurement date	803,197	-
Total	<u>\$ 1,187,352</u>	<u>\$ 684,180</u>

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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 (Continued)**

\$803,197 reported as deferred outflows of resources related to the Teacher HIC OPEB resulting from the School’s contributions subsequent to the measurement date will be recognized as a reduction of the Teacher Net HIC OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<b>Year Ended June 30,</b>	<b>Reduction to OPEB Expense</b>
2026	\$ (155,904)
2027	(81,690)
2028	(64,732)
2029	(19,256)
2030	9,103
Thereafter	12,454

At June 30, 2025, the School’s reported deferred outflows of resources and deferred inflows of resources related to the General Employee HIC OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 71,890
Changes in actuarial assumptions	2,450	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,185
Employer contributions subsequent to the measurement date	34,386	-
Total	<u>\$ 36,836</u>	<u>\$ 73,075</u>

\$34,386 reported as deferred outflows of resources related to the General Employee HIC OPEB resulting from the School’s contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<b>Year Ended June 30,</b>	<b>Reduction to OPEB Expense</b>
2026	\$ (31,599)
2027	(28,946)
2028	(9,418)
2029	(662)
2030	-
Thereafter	-

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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 (Continued)**

**Actuarial Assumptions**

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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	7.25 – 4.25%
• Ages 65 and older	6.50 – 4.25%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

**Net OPEB Liability**

The net OPEB liability (NOL) for the 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, 2024, NOL amounts for the HIC Program is as follows (amounts expressed in thousands):

	<b>HIC OPEB Program</b>
Total HIC OPEB Liability	\$ 1,478,105
Plan Fiduciary Net Position	<u>322,457</u>
Employers’ Net HIC OPEB Liability (Asset)	<u>\$ 1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	21.82%

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.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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:

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

\* The above allocation provides for a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14, including inflation of 2.50%.

**Discount Rate**

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

**Lynchburg City Schools (Continued)**

**Changes in Net OPEB Liability**

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) – (b)</b>
Balances at June 30, 2023	\$ 239,182	\$ 73,811	\$ 165,371
Changes for the year:			
Service cost	3,032	-	3,032
Interest	15,794	-	15,794
Differences between expected and actual experience	(3,111)	-	(3,111)
Contributions – employer	-	33,973	(33,973)
Net investment income	-	7,894	(7,894)
Benefit payments	(13,981)	(13,981)	-
Administrative expenses	-	(119)	119
Other changes	-	(168)	168
Net changes	1,734	27,599	(25,865)
Balances at June 30, 2024	<u>\$ 240,916</u>	<u>\$ 101,410</u>	<u>\$ 139,506</u>

In addition, for the year ended June 30, 2025, the School’s recognized OPEB expense of \$17,325 related to the General Employee Health Insurance Credit Program.

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

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

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
Teacher HIC Net OPEB Liability	\$ 8,195,451	\$ 7,206,379	\$ 6,368,051
General Employee HIC Net OPEB Liability	<u>165,066</u>	<u>139,506</u>	<u>117,782</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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

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**Lynchburg City Schools (Continued)**

**Health Insurance Credit Program Fiduciary Net Position (Continued)**

**Payables to the VRS HIC OPEB Plan**

At June 30, 2025 the School’s reported a payable of \$70,427 and \$3,020 for the outstanding amount of contributions to VRS required for the year ended June 30, 2025 for the Teachers and General Employee HIC, respectively.

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

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**City of Lynchburg**

**General Information about the Line of Duty Act**

**Plan Description**

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

**Benefits Provided**

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

**Membership**

The number of participants as of the most recent valuation, January 1, 2024, was as follows:

Actives	397
Disabled Participants/Dependents	<u>30</u>
Total Participants	<u><u>427</u></u>

**Total OPEB Liability**

The City’s total OPEB liability of \$8,339,067 was measured as of June 30, 2025, and was determined by an actuarial valuation as of January 1, 2024.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of January 1, 2024, using a Healthcare Trend: 6.00% initially, grading down to 4.25% ultimate. Mortality rates were PUB2010 for Males and Females projected using scale MP 2020. The Entry Age method is used for accounting/GASB purposes.

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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)**

**Changes in OPEB Liability**

<u>Total OPEB Liability</u>	<u>2025</u>
Service Cost	\$ 250,939
Interest	365,203
Differences between expected and actual experience	-
Changes in assumptions	(928,333)
Benefit payments	(451,327)
Net Change in Total OPEB Liability	(763,518)
Total OPEB Liability – Beginning of Year	9,102,585
Total OPEB Liability – End of Year	<u>\$ 8,339,067</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 4.81%, 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:

	<u>1.00% Decrease (3.81%)</u>	<u>Current Discount Rate (4.81%)</u>	<u>1.00% Increase (5.81%)</u>
Total OPEB Liability	\$ 9,622,464	\$ 8,339,067	\$ 7,320,223
Net OPEB Liability	<u>\$ 9,622,464</u>	<u>\$ 8,339,067</u>	<u>\$ 7,320,223</u>
Ratio of Plan Net Position to Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

**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:

	<u>1.00% Decrease (3.25%)</u>	<u>Current Ultimate Trend Rate (4.25%)</u>	<u>1.00% Increase (5.25%)</u>
Total OPEB Liability	\$ 7,252,985	\$ 8,339,067	\$ 9,696,502
Net OPEB Liability	<u>\$ 7,252,985</u>	<u>\$ 8,339,067</u>	<u>\$ 9,696,502</u>
Ratio of Plan Net Position to Total OPEB Liability	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***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, 2025, the City recognized OPEB expense of \$563,863. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,558,087	\$ 1,610,932
Change in actuarial assumptions	743,590	1,643,378
Total	<u>\$ 3,301,677</u>	<u>\$ 3,254,310</u>

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

<b>Year ended June 30,</b>	<b>Net Amount of Inflow</b>
2026	\$ (142,939)
2027	(142,939)
2028	(142,939)
2029	(142,940)
2030	59,106
After 2030	<u>560,018</u>
Total Amount to be Recognized	<u>\$ 47,367</u>

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***Note 18. Summary of Other Postemployment Benefit Elements***

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
<b>Deferred outflows of resources – OPEB</b>			
OPEB contributions subsequent to measurement date			
Group life insurance	\$ 329,534	\$ 48,545	\$ 378,079
OPEB Difference between expected and actual experience			
Group life insurance	440,050	64,825	504,875
Line of duty	2,558,087	-	2,558,087
OPEB Change in proportionate share			
Group life insurance	112,650	16,595	129,245
OPEB Changes of assumptions			
Group life insurance	15,903	2,343	18,246
Health	2,318,039	340,262	2,658,301
Line of duty	743,590	-	743,590
Total deferred outflow of resources - OPEB	<u>\$ 6,517,853</u>	<u>\$ 472,570</u>	<u>\$ 6,990,423</u>
<b>Net OPEB liability</b>			
Group life insurance	\$ 2,790,011	\$ 411,011	\$ 3,201,022
Health - Local plan	25,090,543	3,683,015	28,773,558
Line of duty	8,339,067	-	8,339,067
Total net OPEB liability	<u>\$ 36,219,621</u>	<u>\$ 4,094,026</u>	<u>\$ 40,313,647</u>
<b>Deferred inflows of resources - OPEB</b>			
Difference between expected and actual experience			
Group life insurance	\$ 68,150	\$ 10,040	\$ 78,190
Health - Local plan	12,290,455	1,804,103	14,094,558
Line of duty	1,610,932	-	1,610,932
Difference between projected and actual investment earnings			
Group life insurance	235,170	34,643	269,813
Change of assumptions			
Group life insurance	138,267	20,369	158,636
Health - Local plan	5,656,669	830,336	6,487,005
Line of duty	1,643,378	-	1,643,378
Change in proportionate share			
Group life insurance	50,034	7,370	57,404
Total deferred inflow of resources - OPEB	<u>\$ 21,693,055</u>	<u>\$ 2,706,861</u>	<u>\$ 24,399,916</u>
<b>OPEB expense</b>			
Health - Local plan	\$ (3,289,298)	\$ (487,163)	\$ (3,776,461)
VRS GLI	59,400	8,751	68,151
Line of duty	563,863	-	563,863
Total OPEB expense	<u>\$ (2,666,035)</u>	<u>\$ (478,412)</u>	<u>\$ (3,144,447)</u>

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

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

	<b>Component Unit School Board</b>
<b>Deferred outflows of resources:</b>	
Difference between expected and actual experience	
GLI – general employees	\$ 33,788
GLI – teachers	458,634
Changes in assumptions	
Local OPEB	285,997
GLI – general employees	1,221
GLI – teachers	16,575
HIC – general employees	2,450
HIC – teachers	124,145
Changes in proportion and related differences – cost sharing plans	
GLI – general employees	6,887
GLI – teachers	52,451
HIC – teachers	260,010
OPEB contributions subsequent to measurement date	
Local OPEB	326,317
GLI – general employees	23,592
GLI – teachers	314,024
HIC – general employees	34,386
HIC – teachers	803,197
	<u>\$ 2,743,674</u>
 Net OPEB liability	
Local OPEB	\$ 6,794,574
GLI – general employees	214,222
GLI – teachers	2,907,842
HIC – general employees	139,506
HIC – teachers	7,206,379
	<u>\$ 17,262,523</u>

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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

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

	<b>Component Unit School Board</b>
<b>Deferred inflows of resources:</b>	
Difference between expected and actual experience	
Local OPEB	\$ 4,465,859
GLI – general employees	5,233
GLI – teachers	71,028
HIC – general employees	71,890
HIC – teachers	341,421
Difference between projected and actual earnings on OPEB plan investments	
GLI – general employees	18,056
GLI – teachers	245,101
HIC – general employees	1,185
HIC – teachers	25,633
Changes in assumptions	
Local OPEB	1,343,609
GLI – general employees	10,616
GLI – teachers	144,106
Changes in proportion and related differences – cost sharing plans	
GLI – general employees	5,316
GLI – teachers	93,926
HIC – teachers	317,126
	<u>\$ 7,160,105</u>
 Net OPEB expense (benefit)	
Local OPEB	\$ (219,021)
GLI – general employees	4,374
GLI – teachers	(2,650)
HIC – general employees	(17,325)
HIC – teachers	417,671
	<u>\$ 183,049</u>

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

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**Note 19. Leases and Subscription-Based Information Technology Arrangements (SBITAs)**

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Primary Government:

Lessee:

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

Governmental Activities:

The City has fifty-five (55) leases as lessee for the use of copiers and a postage meter. As of June 30, 2025, the value of the lease liability is \$370,751. The City is required to make fixed monthly, semi-annual, or quarterly payments ranging between \$17 and \$2,134; totaling approximately \$131,770 per year. The leases have an interest rate of 0.7270% to 3.3050%. The value of the right to use asset as of June 30, 2024 is \$529,387 with accumulated amortization of \$161,104 for a net book value of \$368,283.

The City has three (3) leases as lessee for the use of infrastructure and buildings. As of June 30, 2025, the value of the lease liability is \$2,433,764. The City is required to make fixed monthly, semi-annual, and annual payments ranging between \$595 to \$36,688; totaling approximately \$99,716 per year. The leases have an interest rate of 1.8360% to 3.1580%. The value of the right to use asset as of June 30, 2024 is \$2,517,060 with accumulated amortization of \$154,658 for a net book value of \$2,362,402.

Business-type Activities:

The City has ten (10) leases as lessee for the use of copiers. As of June 30, 2025, the value of the lease liability is \$57,823. The City is required to make fixed monthly and annual payments ranging between \$54 and \$4,916; totaling approximately \$19,928 per year. The leases have an interest rate of 0.3870% to 3.5110%. The value of the right to use asset as of June 30, 2025 is \$92,435 with accumulated amortization of \$33,639 for a net book value of \$58,796.

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***Note 19. Leases and Subscription-Based Information Technology Arrangements (SBITAs) (Continued)***

**Lesee Principal and Interest Requirements to Maturity:**

Year Ending June 30	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 129,803	\$ 70,910	\$ 200,713
2027	112,957	67,929	180,886
2028	98,052	65,216	163,268
2029	85,566	62,794	148,360
2030	46,617	60,950	107,567
2031 - 2035	95,678	296,187	391,865
2036 - 2040	81,280	285,595	366,875
2041 - 2045	92,409	274,466	366,875
2046 - 2050	105,062	261,813	366,875
2051 - 2055	119,447	247,428	366,875
2056 - 2060	135,802	231,073	366,875
2061 - 2065	154,396	212,479	366,875
2066 - 2070	175,536	191,339	366,875
2071 - 2075	199,570	167,305	366,875
2076 - 2080	226,895	139,980	366,875
2081 - 2085	257,962	108,913	366,875
2086 - 2090	293,282	73,593	366,875
2091 - 2095	333,438	33,437	366,875
2096	60,763	1,397	62,160
	<u>\$ 2,804,515</u>	<u>\$ 2,852,804</u>	<u>\$ 5,657,319</u>

Year Ending June 30	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 17,628	\$ 1,284	\$ 18,912
2027	19,086	834	19,920
2028	13,008	374	13,382
2029	6,918	80	6,998
2030	1,183	-	1,183
	<u>\$ 57,823</u>	<u>\$ 2,572</u>	<u>\$ 60,395</u>

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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### ***Note 19. Leases and Subscription-Based Information Technology Arrangements (SBITAs) (Continued)***

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#### Lessor:

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

#### Governmental Activities:

The City has six (6) leases as lessor, with a time frame of 49 to 349 months. As of June 30, 2025, the value of the lease receivable is \$935,595. The lessee is required to make either annual or monthly fixed payments ranging from \$1,000 to \$37,316; totaling approximately \$186,536 per year. The leases have an interest rate of 0.8930% to 2.5630%. The value of the deferred inflow of resources as of June 30, 2025 was \$895,443, and the City recognized lease revenue of \$171,539 during the fiscal year.

#### Business-type Activities:

The City has four (4) leases as lessor, with a time frame of 71 to 144 months. As of June 30, 2025, the value of the lease receivable is \$57,292. The lessee is required to make an annual fixed payment ranging from \$100 to \$10,350; totaling approximately \$14,438 per year. The leases have an interest rate of 0.5140% to 3.3310%. The value of the deferred inflow of resources as of June 30, 2025, was \$56,419, and the City recognized lease revenue of \$14,103 during the fiscal year.

#### **Lynchburg City Schools**

The Schools' has SBITAs for software platforms with periods expiring April 2025 through November 2025. The Schools' uses its estimated incremental borrowing rate ranging from 0.00% to 3.25% as the discount rate as none of the subscription arrangements have an explicitly stated interest rate. The value of the right-to-use subscription asset and related accumulated amortization as of year-end are disclosed in Note 8. The related liability as well as principal and interest requirements to maturity are disclosed in Note 9.

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### ***Note 20. Risk Management***

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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, 2025 amounted to \$1,040,504.

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 \$695 million per occurrence. Other liability policies provide up to \$60,000,000 coverage in the aggregate. Police professional liability and public officials' liability claims with a \$500,000 deductible per claim are covered through a policy with the Virginia Association of Counties Group Self-Insurance Risk Pool (VaCorp). Total premiums for purchased coverage for the year ended June 30 were \$1,252,558. 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.

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

Notes to Financial Statements  
as of June 30, 2025

***Note 20. Risk Management (Continued)***

The Risk Management Programs of the City are as follows:

Healthcare: The City’s professionally administered self-insurance program provides healthcare coverage for employees and retirees of the City on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the City. Under the program, the City is obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$400,000 per covered individual per contract year. Included in accrued payroll related liabilities for the year ended June 30 were claims payables of \$600,000. Administrative fees, Affordable Care Act fees, and stop loss premiums for the year ended June 30 totaled \$1,417,295.

Changes in aggregate liabilities were as follows:

		Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Workers’ Compensation	2025	\$ 3,329,190	\$ (49,127)	\$ 1,040,504	\$ 2,239,559
	2024	\$ 3,133,132	\$ 965,993	\$ 769,935	\$ 3,329,190
General/Automotive Liability	2025	\$ -	\$ 775,876	\$ 775,876	\$ -
	2024	\$ -	\$ 678,435	\$ 678,435	\$ -
Healthcare	2025	\$ 1,143,004	\$ 16,758,846	\$ 17,301,850	\$ 600,000
	2024	\$ 500,000	\$ 15,801,951	\$ 15,158,947	\$ 1,143,004

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

The Risk Management Programs of the Schools are as follows:

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

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

Healthcare: The Schools’ professionally administered self-insurance program provides healthcare coverage for employees and retirees of the Schools on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the Schools. Under the program, the Schools are obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$400,000 per covered individual per contract year. Total claims expense of \$16,110,829 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 \$1,167,694. Estimated incurred, but not reported, claims at June 30 based on prior experience totaled \$381,644 and have been recorded as a liability by the Schools and is included with accrued payroll and related liabilities on the statement of net position.

Changes in aggregate liabilities were as follows:

		Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Healthcare	2025	\$ 1,000,034	\$ 15,492,439	\$ 16,110,829	\$ 381,644
	2024	\$ 652,186	\$ 14,771,656	\$ 14,423,808	\$ 1,000,034

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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

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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)	\$ 145,460,566
Principal and other debt service expenses included in City	<u>7,804,220</u>
Total expenses/expenditures for School activities	<u>\$ 153,264,786</u>

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### ***Note 22. Commitments and Contingencies***

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#### Combined Sewer Overflow (CSO):

In 1994, the Virginia Department of Environmental Quality (VDEQ) and the State Water Control Board entered into a Consent Special Order with 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 and State Water Control Board 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, 2025, the revised program has an estimated remaining cost \$96.5 million.

The Consent Special Order does not contain a strict compliance schedule for implementing the CSO Long-Term Control Plan, but rather provides for implementation based on criteria reflecting the limits of the City’s financial capability. The current Consent Special Order requires the City to meet several specific criteria such as: maintain a sewer operating fund debt coverage ratio within a range of 1.1 to 1.5 computed on a rolling three year average; ensure sewer fund reserves equal no more than 40 percent of the subsequent years’ budgeted operating expenditures; and at least every other year adjust sewer rates and fees so that the annual sewer billing for a residential customer equals or exceeds 1.25% of the median household income (MHI) based on 7 hcf (hundred cubic feet) of use per month. The City has successfully implemented its CSO Long-Term Control Plan since 1994 in accordance with the requirements of its permit and Consent Special Order. 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. VDEQ has not cited the City for any noncompliance on our original Consent Special Order or our current (revised) Consent Special Order.

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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### ***Note 22. Commitments and Contingencies (Continued)***

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#### 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, 2025.

#### Arbitrage:

The City has certain debt instruments subject to arbitrage regulations. As of June 30, 2025, the arbitrage rebate liability estimate was zero.

#### Encumbrance Commitments:

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

#### MAJOR FUNDS

General Fund	\$ 7,118,474
City Capital Projects Fund	26,363,579
School Capital Projects	3,499,571
<b>Total Major Funds</b>	<b><u>36,981,624</u></b>

#### NONMAJOR FUNDS

City Federal State Aid	161,426
Lynchburg Regional Juvenile Detention Center	15,475
<b>Total Nonmajor Funds</b>	<b><u>176,901</u></b>

<b>TOTAL ENCUMBRANCES</b>	<b><u>\$ 37,158,525</u></b>
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#### Construction Commitments:

Included in the encumbrances above are construction commitments of \$26,363,579 in the City Capital Projects fund and \$3,499,571 in the School Capital Projects fund. The City also had construction commitments of \$5,629,240 in the Water fund; \$79,238,841 in the Sewer fund; \$1,185,260 in the Stormwater Fund; and \$11,154,447 in the Airport fund as of June 30, 2025.

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### ***Note 23. Tax Abatements***

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The City provides tax abatements through Economic Development for two grants. The grants are provided to local developers through the Economic Development Authority (EDA) of the City of Lynchburg. 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 EDA 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 FY2025 were \$1,118,938.

(Continued)

## CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements  
as of June 30, 2025

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### ***Note 23. Tax Abatements (Continued)***

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

The City has real estate tax abatement agreements with individuals and businesses who have renovated property within City limits in accordance with the City Code. The abatement is available for an existing residential structure, which is no less than fifty years of age, and which has been improved as to increase the assessed value of the structure by no less than forty percent. For multifamily (five units or more), commercial, or industrial real estate; the abatement is for a substantially rehabilitated or renovated structure which is no less than twenty-five years of age, and which has been so improved as to increase the assessed value of the structure by no less than sixty percent. The tax exemption is effective for a period of up to ten years for individual, commercial, and industrial and up to eight years for multifamily for any completed approved rehabilitation/renovation during the preceding fiscal year. Currently, the total active real estate rehabilitation credits are \$162,922,400 on a total of 526 parcels equating to \$1,450,009 in real estate tax.

### ***Note 24. New Accounting Standards***

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In April 2024, the GASB issued **Statement No. 103**, Financial Reporting Model Improvements. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This statement requires certain information regarding capital assets to be presented by major class. Certain types of capital assets are to be disclosed separately in the capital assets note disclosures required by Statement No. 34. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

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, 2025

	Plan Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Pension Liability</b>										
Service cost	\$ 6,349,597	\$ 6,346,042	\$ 6,432,589	\$ 6,654,862	\$ 6,625,713	\$ 6,986,017	\$ 7,087,893	\$ 6,786,710	\$ 7,591,733	\$ 8,749,979
Interest on total pension liability	22,979,376	23,599,711	24,063,948	24,449,704	25,140,219	25,463,249	25,997,865	27,758,411	28,109,009	29,007,272
Difference between expected and actual experience	(1,322,839)	(3,091,281)	(5,899,588)	120,722	(2,629,680)	(1,859,042)	(6,001,569)	(5,754,737)	2,153,966	17,547,751
Changes in assumptions	-	-	2,149,134	-	10,427,997	-	16,038,052	-	-	-
Benefit payments, including refunds of employee contributions	(18,630,099)	(19,658,299)	(20,786,742)	(21,683,819)	(21,037,746)	(21,916,092)	(23,423,878)	(24,229,710)	(24,573,005)	(26,837,692)
Net change in total pension liability	9,376,035	7,196,173	5,959,341	9,541,469	18,526,503	8,674,132	19,698,363	4,560,674	13,281,703	28,467,310
<b>Total pension liability - beginning</b>	<b>337,591,843</b>	<b>346,967,878</b>	<b>354,164,051</b>	<b>360,123,392</b>	<b>369,664,861</b>	<b>388,191,364</b>	<b>396,865,496</b>	<b>416,563,859</b>	<b>421,124,533</b>	<b>434,406,236</b>
<b>Total pension liability - ending</b>	<b>346,967,878</b>	<b>354,164,051</b>	<b>360,123,392</b>	<b>369,664,861</b>	<b>388,191,364</b>	<b>396,865,496</b>	<b>416,563,859</b>	<b>421,124,533</b>	<b>434,406,236</b>	<b>462,873,546</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	10,640,498	10,888,855	9,920,997	10,083,118	10,150,416	10,510,166	10,801,810	11,256,065	13,684,223	14,911,461
Contributions - employee	2,623,103	2,647,107	2,766,837	2,676,472	2,655,886	2,783,330	2,717,344	2,889,376	3,171,043	3,451,142
Net investment income	10,830,296	4,079,524	28,939,509	19,156,055	17,849,423	5,343,056	74,989,208	(244,636)	21,311,201	33,231,331
Benefit payments, including refunds of employee contributions	(18,630,099)	(19,658,299)	(20,786,742)	(21,683,819)	(21,037,746)	(21,916,092)	(23,423,878)	(24,229,710)	(24,573,005)	(26,837,692)
Administrative expenses	(151,038)	(152,831)	(171,345)	(169,088)	(180,734)	(184,881)	(190,993)	(214,575)	(213,135)	(222,270)
Other	(2,273)	(1,774)	(25,640)	(16,908)	(11,250)	(7,513)	7,042	7,818	8,569	5,809
Net change in plan fiduciary net position	5,310,487	(2,197,418)	20,643,616	10,045,830	9,425,995	(3,471,934)	64,900,533	(10,535,662)	13,388,896	24,539,781
<b>Plan fiduciary net position - beginning</b>	<b>238,604,898</b>	<b>243,915,385</b>	<b>241,717,967</b>	<b>262,361,583</b>	<b>272,407,413</b>	<b>281,833,408</b>	<b>278,361,474</b>	<b>343,262,007</b>	<b>332,726,345</b>	<b>346,115,241</b>
<b>Plan fiduciary net position - ending</b>	<b>243,915,385</b>	<b>241,717,967</b>	<b>262,361,583</b>	<b>272,407,413</b>	<b>281,833,408</b>	<b>278,361,474</b>	<b>343,262,007</b>	<b>332,726,345</b>	<b>346,115,241</b>	<b>370,655,022</b>
<b>Net pension liability - ending</b>	<b>\$ 103,052,493</b>	<b>\$ 112,446,084</b>	<b>\$ 97,761,809</b>	<b>\$ 97,257,448</b>	<b>\$ 106,357,956</b>	<b>\$ 118,504,022</b>	<b>\$ 73,301,852</b>	<b>\$ 88,398,188</b>	<b>\$ 88,290,995</b>	<b>\$ 92,218,524</b>
Plan fiduciary net position as a percentage of total pension liability	70%	68%	73%	74%	73%	70%	82%	79%	80%	80%
Covered payroll	\$ 50,441,350	\$ 51,326,626	\$ 52,930,961	\$ 54,235,867	\$ 54,656,679	\$ 56,091,908	\$ 57,485,897	\$ 55,542,571	\$ 58,884,988	\$ 67,218,938
Net pension liability as a percentage of covered payroll	204%	219%	185%	179%	195%	211%	128%	159%	150%	137%

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.

**Required Supplementary Information**  
**Schools - Non Professional Employees**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2025**

	Plan Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Pension Liability</b>										
Service cost	\$ 408,652	\$ 390,047	\$ 388,263	\$ 369,905	\$ 363,374	\$ 386,485	\$ 373,612	\$ 368,960	\$ 401,410	\$ 425,109
Interest on total pension liability	975,621	1,013,096	1,012,802	1,013,987	1,047,533	1,048,986	1,113,455	1,201,099	1,210,831	1,247,126
Difference between expected and actual experience	(47,318)	(601,120)	(438,840)	(45,578)	(326,795)	486,898	(66,595)	(492,204)	32,046	807,491
Changes in assumptions	-	-	(126,476)	-	397,376	-	495,368	-	-	-
Benefit payments, including refunds of employee contributions	(794,492)	(808,719)	(803,718)	(833,932)	(884,234)	(927,192)	(1,007,349)	(965,408)	(966,840)	(1,293,709)
Net change in total pension liability	542,463	(6,696)	32,031	504,382	597,254	995,177	908,491	112,447	677,447	1,186,017
<b>Total pension liability - beginning</b>	<b>14,334,695</b>	<b>14,877,158</b>	<b>14,870,462</b>	<b>14,902,493</b>	<b>15,406,875</b>	<b>16,004,129</b>	<b>16,999,306</b>	<b>17,907,797</b>	<b>18,020,244</b>	<b>18,697,691</b>
<b>Total pension liability - ending</b>	<b>14,877,158</b>	<b>14,870,462</b>	<b>14,902,493</b>	<b>15,406,875</b>	<b>16,004,129</b>	<b>16,999,306</b>	<b>17,907,797</b>	<b>18,020,244</b>	<b>18,697,691</b>	<b>19,883,708</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	327,719	332,290	228,134	229,132	179,891	192,366	211,631	225,247	187,018	194,470
Contributions - employee	183,717	185,375	182,067	183,766	174,448	188,186	190,176	202,816	215,389	227,779
Net investment income	609,217	236,379	1,651,561	1,096,860	1,024,271	306,074	4,271,921	(14,982)	1,209,247	1,864,805
Benefit payments, including refunds of employee contributions	(794,492)	(808,719)	(803,718)	(833,932)	(884,234)	(927,192)	(1,007,349)	(965,408)	(966,840)	(1,293,709)
Administrative expenses	(8,505)	(8,626)	(9,732)	(9,621)	(10,452)	(10,658)	(10,929)	(12,221)	(12,248)	(12,965)
Other	(127)	(101)	(1,460)	(969)	(642)	(357)	400	(1,084)	484	364
Net change in plan fiduciary net position	317,529	(63,402)	1,246,852	665,236	483,282	(251,581)	3,655,850	(565,632)	633,050	980,744
<b>Plan fiduciary net position - beginning</b>	<b>13,442,714</b>	<b>13,760,243</b>	<b>13,696,841</b>	<b>14,943,693</b>	<b>15,608,929</b>	<b>16,092,211</b>	<b>15,840,630</b>	<b>19,496,480</b>	<b>18,930,848</b>	<b>19,563,898</b>
<b>Plan fiduciary net position - ending</b>	<b>13,760,243</b>	<b>13,696,841</b>	<b>14,943,693</b>	<b>15,608,929</b>	<b>16,092,211</b>	<b>15,840,630</b>	<b>19,496,480</b>	<b>18,930,848</b>	<b>19,563,898</b>	<b>20,544,642</b>
<b>Net pension liability - ending</b>	<b>\$ 1,116,915</b>	<b>\$ 1,173,621</b>	<b>\$ (41,200)</b>	<b>\$ (202,054)</b>	<b>\$ (88,082)</b>	<b>\$ 1,158,676</b>	<b>\$ (1,588,683)</b>	<b>\$ (910,604)</b>	<b>\$ (866,207)</b>	<b>\$ (660,934)</b>
Plan fiduciary net position as a percentage of total pension liability	92%	92%	100%	101%	101%	93%	109%	105%	105%	103%
Covered payroll	\$ 3,727,782	\$ 3,613,671	\$ 3,593,865	\$ 3,654,690	\$ 3,837,637	\$ 3,971,969	\$ 4,080,952	\$ 4,399,742	\$ 4,723,819	\$ 5,085,997
Net pension liability as a percentage of covered payroll	30%	32%	-1%	-6%	-2%	29%	-39%	-21%	-18%	-13%

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.

**Required Supplementary Information**  
**Schedule of Pension Contributions**  
**For the Year Ended June 30, 2025**

<b>Entity Fiscal Year Ended June 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Primary Government</b>					
2025	\$ 16,893,841	\$ 16,893,841	\$ -	\$ 73,459,880	23.00%
2024	\$ 15,587,270	\$ 15,587,270	\$ -	\$ 67,218,938	23.19%
2023	\$ 14,240,279	\$ 14,240,279	\$ -	\$ 58,884,988	24.18%
2022	\$ 11,141,125	\$ 11,141,125	\$ -	\$ 55,542,571	20.06%
2021	\$ 11,088,357	\$ 11,088,357	\$ -	\$ 57,485,897	19.29%
2020	\$ 10,870,219	\$ 10,870,219	\$ -	\$ 56,091,908	19.38%
2019	\$ 10,377,528	\$ 10,377,528	\$ -	\$ 54,656,679	18.99%
2018	\$ 10,288,625	\$ 10,288,625	\$ -	\$ 54,235,867	18.97%
2017	\$ 9,920,997	\$ 9,920,997	\$ -	\$ 52,930,961	18.74%
2016	\$ 10,951,053	\$ 10,951,053	\$ -	\$ 51,326,626	21.34%
<b>Schools - Nonprofessional Employees</b>					
2025	\$ 273,881	\$ 273,881	\$ -	\$ 5,149,882	5.32%
2024	\$ 194,471	\$ 194,471	\$ -	\$ 5,085,997	3.82%
2023	\$ 186,799	\$ 186,799	\$ -	\$ 4,723,819	3.95%
2022	\$ 225,247	\$ 225,247	\$ -	\$ 4,399,742	5.12%
2021	\$ 211,631	\$ 211,631	\$ -	\$ 4,080,952	5.19%
2020	\$ 192,396	\$ 192,396	\$ -	\$ 3,971,969	4.84%
2019	\$ 179,891	\$ 179,891	\$ -	\$ 3,837,637	4.69%
2018	\$ 229,094	\$ 229,094	\$ -	\$ 3,654,691	6.27%
2017	\$ 235,433	\$ 235,433	\$ -	\$ 3,593,865	6.55%
2016	\$ 340,611	\$ 340,611	\$ -	\$ 3,613,671	9.43%

The covered payroll amounts above are for the entity's fiscal year - i.e., the covered payroll on which required contributions were based for the same year.

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

**Required Supplementary Information**  
**Schedule of Employer's Share of Net Pension Liability**  
**VRS Teacher Retirement Plan**  
**For the Year Ended June 30, 2025**

<b>School Division Fiscal Year Ended June 30</b>	<b>Employer's Proportion of the Net Pension Liability</b>	<b>Employer's Proportionate Share of the Net Pension Liability</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2025	0.62%	\$ 60,037,895	\$ 68,980,189	87.04%	84.52%
2024	0.62%	\$ 63,005,282	\$ 62,501,211	100.81%	82.45%
2023	0.62%	\$ 58,868,718	\$ 57,947,892	101.59%	82.61%
2022	0.61%	\$ 47,405,591	\$ 54,503,957	86.98%	85.46%
2021	0.64%	\$ 92,940,347	\$ 56,477,224	164.56%	71.47%
2020	0.65%	\$ 82,501,054	\$ 51,957,981	158.78%	73.51%
2019	0.69%	\$ 80,732,000	\$ 53,894,780	149.80%	74.81%
2018	0.71%	\$ 87,249,000	\$ 53,942,322	161.74%	72.92%
2017	0.73%	\$ 102,102,000	\$ 50,669,701	201.51%	68.28%
2016	0.71%	\$ 88,962,000	\$ 51,468,623	172.85%	70.68%

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, 2025**

<b>School Division Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2025	\$ 9,746,682	\$ 9,746,682	\$ -	\$ 68,559,009	14.22%
2024	\$ 10,782,057	\$ 10,782,057	\$ -	\$ 68,980,189	15.63%
2023	\$ 9,822,234	\$ 9,822,234	\$ -	\$ 62,501,211	15.72%
2022	\$ 9,161,578	\$ 9,161,578	\$ -	\$ 57,947,892	15.81%
2021	\$ 8,629,023	\$ 8,629,023	\$ -	\$ 54,503,957	15.83%
2020	\$ 8,469,585	\$ 8,469,585	\$ -	\$ 56,477,224	15.00%
2019	\$ 8,313,426	\$ 8,313,426	\$ -	\$ 51,957,981	16.00%
2018	\$ 8,869,387	\$ 8,869,387	\$ -	\$ 53,894,780	16.46%
2017	\$ 8,261,471	\$ 8,261,471	\$ -	\$ 53,942,322	15.32%
2016	\$ 7,972,259	\$ 7,972,259	\$ -	\$ 50,669,701	15.73%

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, 2025

	Fiscal Year							
	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total OPEB Liability</b>								
Service cost	\$ 350,020	\$ 360,521	\$ 371,336	\$ 356,717	\$ 367,419	\$ 258,665	\$ 266,425	\$ 239,461
Interest on OPEB liability	3,559,674	2,771,030	2,600,222	1,148,518	930,937	1,412,267	1,410,943	1,271,919
Difference between expected and actual experience	(24,181,307)	-	(38,403,363)	-	(1,453,248)	-	(5,022,789)	-
Changes in assumptions	(697,398)	5,999,406	2,100,461	2,879,001	(7,077,885)	(759,186)	1,404,750	(2,826,939)
Benefit payments, including refunds of member contributions	(2,632,827)	(2,333,984)	(2,898,368)	(2,796,080)	(2,774,048)	(2,983,684)	(2,480,520)	(2,910,236)
Net change in total OPEB liability	(23,601,838)	6,796,973	(36,229,712)	1,588,156	(10,006,825)	(2,071,938)	(4,421,191)	(4,225,795)
<b>Total OPEB liability - beginning</b>	<u>100,945,728</u>	<u>77,343,890</u>	<u>84,140,863</u>	<u>47,911,151</u>	<u>49,499,307</u>	<u>39,492,482</u>	<u>37,420,544</u>	<u>32,999,353</u>
<b>Total OPEB liability - ending</b>	<u>\$ 77,343,890</u>	<u>\$ 84,140,863</u>	<u>\$ 47,911,151</u>	<u>\$ 49,499,307</u>	<u>\$ 39,492,482</u>	<u>\$ 37,420,544</u>	<u>\$ 32,999,353</u>	<u>\$ 28,773,558</u>
Covered employee payroll	<u>\$ 55,870,874</u>	<u>\$ 60,897,864</u>	<u>\$ 63,032,343</u>	<u>\$ 64,452,592</u>	<u>\$ 68,360,485</u>	<u>\$ 75,162,775</u>	<u>\$ 82,412,912</u>	<u>\$ 87,016,516</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>	<u>57.8%</u>	<u>49.8%</u>	<u>40.0%</u>	<u>33.1%</u>

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight 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, 2025

	Fiscal Year							
	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total OPEB Liability</b>								
Service cost	\$ 629,101	\$ 523,630	\$ 858,868	\$ 956,878	\$ 890,149	\$ 944,891	\$ 735,812	\$ 756,019
Interest on OPEB liability	271,525	253,909	424,127	437,213	213,079	233,096	324,100	380,810
Difference between expected and actual experience	(2,319,827)	3,458,793	-	(4,301,568)	-	(2,663,577)	-	(2,000,596)
Changes in assumptions	(638,060)	(310,331)	439,283	323,568	305,192	(72,654)	(8,959)	(1,511,642)
Benefit payments, including refunds of member contributions	(175,271)	(368,838)	(419,802)	(155,894)	(243,252)	(383,304)	(98,566)	120,924
Net change in total OPEB liability	(2,232,532)	3,557,163	1,302,476	(2,739,803)	1,165,168	(1,941,548)	952,387	(2,254,485)
<b>Total OPEB liability - beginning</b>	<u>8,985,748</u>	<u>6,753,216</u>	<u>10,310,379</u>	<u>11,612,855</u>	<u>8,873,052</u>	<u>10,038,220</u>	<u>8,096,672</u>	<u>9,049,059</u>
<b>Total OPEB liability - ending</b>	<u>\$ 6,753,216</u>	<u>\$ 10,310,379</u>	<u>\$ 11,612,855</u>	<u>\$ 8,873,052</u>	<u>\$ 10,038,220</u>	<u>\$ 8,096,672</u>	<u>\$ 9,049,059</u>	<u>\$ 6,794,574</u>
Covered employee payroll	<u>\$ 61,142,865</u>	<u>\$ 61,045,540</u>	<u>\$ 61,045,540</u>	<u>\$ 66,302,035</u>	<u>\$ 63,870,989</u>	<u>\$ 70,540,583</u>	<u>\$ 76,402,326</u>	<u>\$ 82,205,517</u>
Net OPEB liability as a percentage of covered employee payroll	<u>11.0%</u>	<u>16.9%</u>	<u>19.0%</u>	<u>13.4%</u>	<u>15.7%</u>	<u>11.5%</u>	<u>11.8%</u>	<u>8.3%</u>

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

## Required Supplementary Information

## Lynchburg City Schools

## Schedule of Changes in Net OPEB for Healthcare Liability and Related Ratios for Health Insurance Credit Schools

For the Year Ended June 30, 2025

	Fiscal Year			
	2022	2023	2024	2025
<b>Total OPEB Liability</b>				
Service cost	\$ 5,471	\$ 5,571	\$ 3,286	\$ 3,132
Interest on OPEB liability	21,260	23,589	23,333	16,315
Difference between expected and actual experience	(1)	(26,858)	(118,021)	(3,214)
Changes in assumptions	6,656	5,840	-	-
Benefit payments	-	(8,908)	(10,398)	(14,442)
Net change in total OPEB liability	33,386	(766)	(101,800)	1,791
<b>Total OPEB liability - beginning</b>	<u>314,969</u>	<u>348,355</u>	<u>347,589</u>	<u>245,789</u>
<b>Total OPEB liability - ending</b>	<u><u>348,355</u></u>	<u><u>347,589</u></u>	<u><u>245,789</u></u>	<u><u>247,580</u></u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	26,119	28,159	32,633	35,094
Net investment income	3,593	(496)	4,047	8,155
Benefit payments	-	(8,908)	(10,398)	(14,442)
Administrative expenses	(116)	(97)	(109)	(123)
Other	-	341	19	(1)
Net change in plan fiduciary net position	29,596	18,999	26,192	28,683
<b>Plan fiduciary net position - beginning</b>	<u>-</u>	<u>29,596</u>	<u>48,595</u>	<u>74,787</u>
<b>Plan fiduciary net position - ending</b>	<u><u>29,596</u></u>	<u><u>48,595</u></u>	<u><u>74,787</u></u>	<u><u>103,470</u></u>
<b>Net OPEB liability - ending</b>	<u><u>\$ 318,759</u></u>	<u><u>\$ 298,994</u></u>	<u><u>\$ 171,002</u></u>	<u><u>\$ 144,110</u></u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>8.5%</u>	<u>14.0%</u>	<u>30.4%</u>	<u>41.8%</u>
Covered payroll	<u>\$ 4,082,596</u>	<u>\$ 4,399,742</u>	<u>\$ 4,723,819</u>	<u>\$ 5,085,997</u>
Net OPEB liability as a percentage of covered payroll	<u>7.8%</u>	<u>6.8%</u>	<u>3.6%</u>	<u>2.8%</u>

Schedule is intended to show information for 10 years. Since 2022 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, 2025**

	Fiscal Year							
	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total OPEB Liability</b>								
Service cost	\$ 163,599	\$ 168,507	\$ 173,562	\$ 228,263	\$ 235,111	\$ 195,364	\$ 201,225	\$ 250,939
Interest on OPEB liability	287,149	294,269	281,173	176,727	150,318	221,043	228,450	365,203
Difference between expected and actual experience	-	-	(3,213,464)	-	(585,976)	-	3,308,910	-
Changes in assumptions	-	634,614	1,192,943	532,826	(1,227,410)	(139,056)	(152,902)	(928,333)
Benefit payments, including refunds of member contributions	(250,836)	(267,213)	(228,753)	(288,639)	(369,297)	(374,427)	(366,488)	(451,327)
Net change in total OPEB liability	199,912	830,177	(1,794,539)	649,177	(1,797,254)	(97,076)	3,219,195	(763,518)
<b>Total OPEB liability - beginning</b>	<u>7,892,993</u>	<u>8,092,905</u>	<u>8,923,082</u>	<u>7,128,543</u>	<u>7,777,720</u>	<u>5,980,466</u>	<u>5,883,390</u>	<u>9,102,585</u>
<b>Total OPEB liability - ending</b>	<u>\$ 8,092,905</u>	<u>\$ 8,923,082</u>	<u>\$ 7,128,543</u>	<u>\$ 7,777,720</u>	<u>\$ 5,980,466</u>	<u>\$ 5,883,390</u>	<u>\$ 9,102,585</u>	<u>\$ 8,339,067</u>
Covered employee payroll	<u>\$ 18,941,025</u>	<u>\$ 21,770,826</u>	<u>\$ 20,775,959</u>	<u>\$ 21,101,725</u>	<u>\$ 23,692,611</u>	<u>\$ 26,581,417</u>	<u>\$ 29,230,865</u>	<u>\$ 30,616,859</u>
Net OPEB liability as a percentage of covered employee payroll	<u>42.7%</u>	<u>41.0%</u>	<u>34.3%</u>	<u>36.9%</u>	<u>25.2%</u>	<u>22.1%</u>	<u>31.1%</u>	<u>27.2%</u>

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight 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, 2025**

<b>Entity Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Primary Government</b>					
2025	\$ 378,079	\$ 378,079	\$ -	\$ 77,931,868	0.49%
2024	\$ 399,369	\$ 399,369	\$ -	\$ 68,034,046	0.59%
2023	\$ 365,000	\$ 365,000	\$ -	\$ 60,514,320	0.60%
2022	\$ 303,902	\$ 303,902	\$ -	\$ 55,542,571	0.55%
2021	\$ 303,246	\$ 303,246	\$ -	\$ 57,485,897	0.53%
2020	\$ 303,560	\$ 303,560	\$ -	\$ 56,091,908	0.54%
2019	\$ 290,819	\$ 290,819	\$ -	\$ 54,656,679	0.53%
2018	\$ 279,734	\$ 279,734	\$ -	\$ 54,235,867	0.52%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight 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, 2025**

<b>Entity Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Schools General Employees</b>					
2025	\$ 24,346	\$ 24,346	\$ -	\$ 5,159,684	0.47%
2024	\$ 27,261	\$ 27,261	\$ -	\$ 5,085,997	0.54%
2023	\$ 25,320	\$ 25,320	\$ -	\$ 4,723,819	0.54%
2022	\$ 23,583	\$ 23,583	\$ -	\$ 4,399,742	0.54%
2021	\$ 21,949	\$ 21,949	\$ -	\$ 4,094,871	0.54%
2020	\$ 20,871	\$ 20,871	\$ -	\$ 3,666,419	0.57%
2019	\$ 19,912	\$ 19,912	\$ -	\$ 3,983,065	0.50%
2018	\$ 20,062	\$ 20,062	\$ -	\$ 3,617,185	0.55%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight 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, 2025**

<b>Entity Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Schools Teachers</b>					
2025	\$ 324,053	\$ 324,053	\$ -	\$ 68,651,473	0.47%
2024	\$ 369,734	\$ 369,734	\$ -	\$ 68,980,189	0.54%
2023	\$ 335,006	\$ 335,006	\$ -	\$ 62,501,211	0.54%
2022	\$ 311,145	\$ 311,145	\$ -	\$ 58,049,523	0.54%
2021	\$ 292,433	\$ 292,433	\$ -	\$ 54,558,390	0.54%
2020	\$ 296,299	\$ 296,299	\$ -	\$ 54,925,031	0.54%
2019	\$ 288,302	\$ 288,302	\$ -	\$ 55,019,401	0.52%
2018	\$ 293,909	\$ 293,909	\$ -	\$ 52,992,834	0.55%

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

## Required Supplementary Information

## Schedule of OPEB Contributions for Health Insurance Credit - School Teachers and General Employees

For the Year Ended June 30, 2025

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
<b>School Teachers</b>					
2025	\$ 829,706	\$ 829,706	\$ -	\$ 68,559,009	1.21%
2024	\$ 834,660	\$ 834,660	\$ -	\$ 68,980,189	1.21%
2023	\$ 756,265	\$ 756,265	\$ -	\$ 62,501,211	1.21%
2022	\$ 701,169	\$ 701,169	\$ -	\$ 57,947,892	1.21%
2021	\$ 654,498	\$ 654,498	\$ -	\$ 54,503,956	1.20%
2020	\$ 677,727	\$ 677,727	\$ -	\$ 54,925,031	1.23%
2019	\$ 659,100	\$ 659,100	\$ -	\$ 55,019,401	1.20%
2018	\$ 688,326	\$ 688,326	\$ -	\$ 53,104,064	1.30%

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

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>General Employees</b>					
2025	\$ 35,521	\$ 35,521	\$ -	\$ 5,149,882	0.69%
2024	\$ 35,093	\$ 35,093	\$ -	\$ 5,085,997	0.69%
2023	\$ 32,594	\$ 32,594	\$ -	\$ 4,723,819	0.69%
2022	\$ 28,158	\$ 28,158	\$ -	\$ 4,399,742	0.64%

Schedule is intended to show information for 10 years. Since 2022 was the first year for this presentation, only 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.

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

**Required Supplementary Information****Schedule of Employer's Share of Net OPEB Liability - Group Life Insurance**

City of Lynchburg

For the Year Ended June 30, 2025

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<b>Fiscal Year Ended June 30</b>	<b>Employer's Proportion of the Net OPEB Liability</b>	<b>Employer's Proportionate Share of the Net OPEB Liability</b>	<b>Employer's Covered Employee Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll</b>	<b>Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>Primary Government</b>					
2025	0.28685%	\$ 3,201,022	\$ 68,034,046	4.71%	73.41%
2024	0.28619%	\$ 3,432,315	\$ 60,514,320	5.67%	69.30%
2023	0.27204%	\$ 3,275,624	\$ 55,542,571	5.90%	67.21%
2022	0.27445%	\$ 3,195,343	\$ 57,485,897	5.56%	67.45%
2021	0.27948%	\$ 4,664,064	\$ 56,091,908	8.32%	52.64%
2020	0.28214%	\$ 4,591,169	\$ 54,656,679	8.40%	52.00%
2019	0.28865%	\$ 4,384,000	\$ 54,235,867	8.08%	51.22%
2018	0.29164%	\$ 4,388,000	\$ 52,930,961	8.29%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight 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, 2025**


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<b>Fiscal Year Ended June 30</b>	<b>Employer's Proportion of the Net OPEB Liability</b>	<b>Employer's Proportionate Share of the Net OPEB Liability</b>	<b>Employer's Covered Employee Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll</b>	<b>Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>Schools General Employees</b>					
2025	0.02000%	\$ 221,064	\$ 5,085,997	4.35%	73.41%
2024	0.02140%	\$ 241,542	\$ 4,723,819	5.11%	69.30%
2023	0.02023%	\$ 243,589	\$ 4,399,742	5.54%	67.21%
2022	0.01983%	\$ 230,875	\$ 4,094,871	5.64%	67.45%
2021	0.01936%	\$ 323,086	\$ 3,666,419	8.81%	52.64%
2020	0.01870%	\$ 304,000	\$ 3,983,065	7.63%	52.00%
2019	0.02014%	\$ 306,000	\$ 3,617,185	8.46%	51.22%
2018	0.02039%	\$ 307,000	\$ 3,617,185	8.49%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight 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, 2025**

<b>Fiscal Year Ended June 30</b>	<b>Employer's Proportion of the Net OPEB Liability</b>	<b>Employer's Proportionate Share of the Net OPEB Liability</b>	<b>Employer's Covered Employee Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>School Teachers</b>					
2025	0.24900%	\$ 3,000,714	\$ 68,980,189	4.35%	73.41%
2024	0.26554%	\$ 3,184,657	\$ 62,501,211	5.10%	69.30%
2023	0.26709%	\$ 3,216,021	\$ 58,049,523	5.54%	67.21%
2022	0.26424%	\$ 3,076,470	\$ 54,558,390	5.64%	67.45%
2021	0.27477%	\$ 4,585,461	\$ 54,925,031	8.35%	52.64%
2020	0.29000%	\$ 4,567,000	\$ 55,019,401	8.30%	52.00%
2019	0.29500%	\$ 4,481,000	\$ 52,992,834	8.46%	51.22%
2018	0.30644%	\$ 4,612,000	\$ 52,992,834	8.70%	48.86%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight 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, 2025**


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<b>Fiscal Year Ended June 30</b>	<b>Employer's Proportion of the Net OPEB Liability</b>	<b>Employer's Proportionate Share of the Net OPEB Liability</b>	<b>Employer's Covered Employee Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>School Teachers</b>					
2025	0.69000%	\$ 7,444,222	\$ 68,980,189	10.79%	21.82%
2024	0.62707%	\$ 7,596,435	\$ 62,501,211	12.15%	17.90%
2023	0.62232%	\$ 7,773,066	\$ 57,947,892	13.41%	15.08%
2022	0.61628%	\$ 7,910,380	\$ 54,503,957	14.51%	13.15%
2021	0.64426%	\$ 8,404,478	\$ 54,925,031	15.30%	9.95%
2020	0.65486%	\$ 8,573,000	\$ 55,019,401	15.58%	8.97%
2019	0.69210%	\$ 8,787,000	\$ 53,104,064	16.55%	8.08%
2018	0.71414%	\$ 9,060,000	\$ 53,104,064	17.06%	7.04%

Schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, only eight 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, 2025**

**Note 1. Changes of Benefit Terms**

Pension

There have been no actuarially material changes to the Virginia Retirement System (the “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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Largest 10 – Non-Hazardous Duty:**

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

**Largest 10 – Hazardous Duty/Public Safety Employees:**

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

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2025**

**Note 2. Changes of Assumptions (Continued)**

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

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

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

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

Teacher cost-sharing pool

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

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**OTHER SUPPLEMENTAL INFORMATION**



## CITY OF LYNCHBURG, VIRGINIA

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

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#### 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, 2025

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Children's Services Act
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ 171	\$ 396,173	\$ -
Receivables, net of allowance:				-	
Other	1,275,607	-	-	-	11,262
Due from other funds	344,969	-	-	2,522	524,851
Due from other governments	455,572	61,087	-	-	2,396,592
Due from component unit	-	-	125,000	-	-
Other assets	-	-	213	-	-
Restricted assets:					
Cash and cash equivalents	5,089,640	-	-	-	-
<b>Total assets</b>	<u>\$ 7,165,788</u>	<u>\$ 61,087</u>	<u>\$ 125,384</u>	<u>\$ 398,695</u>	<u>\$ 2,932,705</u>
<b>Liabilities</b>					
Accounts payable and other liabilities	\$ 57,699	\$ 27,210	\$ -	\$ 2,920	\$ 1,602,584
Accrued payroll and related liabilities	146,656	4,352	-	-	2,355
Due to other funds	850,108	29,525	-	-	1,312,360
Due to other governments	67,879	-	-	-	-
<b>Total liabilities</b>	<u>1,122,342</u>	<u>61,087</u>	<u>-</u>	<u>2,920</u>	<u>2,917,299</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	2,490,104	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>2,490,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
Restricted	3,553,342	-	-	395,775	15,406
Committed	-	-	125,384	-	-
Assigned	-	-	-	-	-
<b>Total fund balances</b>	<u>3,553,342</u>	<u>-</u>	<u>125,384</u>	<u>395,775</u>	<u>15,406</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 7,165,788</u>	<u>\$ 61,087</u>	<u>\$ 125,384</u>	<u>\$ 398,695</u>	<u>\$ 2,932,705</u>

(Continued)

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2025

	Lynchburg Expressway Appearance	HOME Investment Partnerships Program	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
<b>Assets</b>				
Cash and cash equivalents	\$ 168,393	\$ -	\$ 303,151	\$ 867,888
Receivables, net of allowance:				
Other	-	-	5,317	1,292,186
Due from other funds	-	-	139,084	1,011,426
Due from other governments	-	32,391	135,610	3,081,252
Due from component unit	-	-	-	125,000
Other assets	-	-	-	213
Restricted assets:				
Cash and cash equivalents	-	-	-	5,089,640
<b>Total assets</b>	<u>\$ 168,393</u>	<u>\$ 32,391</u>	<u>\$ 583,162</u>	<u>\$ 11,467,605</u>
<b>Liabilities</b>				
Accounts payable and other liabilities	\$ 1,441	\$ 1,419	\$ 21,765	\$ 1,715,038
Accrued payroll and related liabilities	-	1,088	87,314	241,765
Due to other funds	-	29,884	130,263	2,352,140
Due to other governments	-	-	62,406	130,285
<b>Total liabilities</b>	<u>1,441</u>	<u>32,391</u>	<u>301,748</u>	<u>4,439,228</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	5,317	2,495,421
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>5,317</u>	<u>2,495,421</u>
<b>Fund Balances</b>				
Restricted	166,952	-	275,863	4,407,338
Committed	-	-	-	125,384
Assigned	-	-	234	234
<b>Total fund balances</b>	<u>166,952</u>	<u>-</u>	<u>276,097</u>	<u>4,532,956</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 168,393</u>	<u>\$ 32,391</u>	<u>\$ 583,162</u>	<u>\$ 11,467,605</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2025

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Children's Services Act
<b>Revenues</b>					
Intergovernmental	\$ 5,275,273	\$ 888,425	\$ -	\$ 103,853	\$ 10,176,071
Revenue from use of money and property	-	-	13,122	6,957	-
Charges for services	784,837	-	-	-	3,427,478
Miscellaneous	311,412	-	-	-	119,694
<b>Total revenues</b>	<u>6,371,522</u>	<u>888,425</u>	<u>13,122</u>	<u>110,810</u>	<u>13,723,243</u>
<b>Expenditures</b>					
Current operating expenditures:					
General government	3,000	-	-	-	-
Judicial	1,685,774	-	-	23,763	-
Public safety	2,965,632	-	-	73,004	-
Public works	74,315	-	-	-	-
Health and human services	1,454,846	-	-	-	13,918,032
Community development	512,221	888,425	13,122	-	-
Capital Outlay:					
Capital general government	-	-	-	-	-
Debt service:					
Principal retirements	-	-	-	-	-
Interest payments and other fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<u>6,695,788</u>	<u>888,425</u>	<u>13,122</u>	<u>96,767</u>	<u>13,918,032</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(324,266)</u>	<u>-</u>	<u>-</u>	<u>14,043</u>	<u>(194,789)</u>
<b>Other financing sources</b>					
Lease financing	-	-	-	-	-
Transfers in	2,602,060	-	-	-	-
<b>Total other financing sources</b>	<u>2,602,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	2,277,794	-	-	14,043	(194,789)
<b>Fund balances - beginning</b>	<u>1,275,548</u>	<u>-</u>	<u>125,384</u>	<u>381,732</u>	<u>210,195</u>
<b>Fund balances - ending</b>	<u>\$ 3,553,342</u>	<u>\$ -</u>	<u>\$ 125,384</u>	<u>\$ 395,775</u>	<u>\$ 15,406</u>

(Continued)

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2025**

	<b>Lynchburg Expressway Appearance</b>	<b>HOME Investment Partnerships Program</b>	<b>Lynchburg Regional Juvenile Detention Center</b>	<b>Total Nonmajor Special Revenue</b>
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 176,775	\$ 1,328,145	\$ 17,948,542
Revenue from use of money and property	-	-	-	20,079
Charges for services	-	-	2,035,165	6,247,480
Miscellaneous	-	-	-	431,106
<b>Total revenues</b>	<u>-</u>	<u>176,775</u>	<u>3,363,310</u>	<u>24,647,207</u>
<b>Expenditures</b>				
Current operating expenditures:				
General government	-	-	5,595	8,595
Judicial	-	-	-	1,709,537
Public safety	-	-	3,346,833	6,385,469
Public works	29,415	-	-	103,730
Health and human services	-	-	-	15,372,878
Community development	-	182,609	-	1,596,377
Capital outlay:				
Capital general government	-	-	8,247	8,247
Debt service:				
Principal retirements	-	-	8,421	8,421
Interest payments and other fiscal charges	-	-	2,461	2,461
<b>Total expenditures</b>	<u>29,415</u>	<u>182,609</u>	<u>3,371,557</u>	<u>25,195,715</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(29,415)</u>	<u>(5,834)</u>	<u>(8,247)</u>	<u>(548,508)</u>
<b>Other financing sources</b>				
Lease financing	-	-	8,247	8,247
Transfers in	-	-	-	2,602,060
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>8,247</u>	<u>2,610,307</u>
<b>Net changes in fund balance</b>	(29,415)	(5,834)	-	2,061,799
<b>Fund balances - beginning</b>	<u>196,367</u>	<u>5,834</u>	<u>276,097</u>	<u>2,471,157</u>
<b>Fund balances - ending</b>	<u>\$ 166,952</u>	<u>\$ -</u>	<u>\$ 276,097</u>	<u>\$ 4,532,956</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**City/Federal/State Aid Fund**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$ 3,724,454	\$ 12,323,180	\$ 5,275,273	\$ (7,047,907)
Charges for services	823,610	918,610	784,837	(133,773)
Miscellaneous	31,432	982,864	311,412	(671,452)
<b>Total revenues</b>	<u>4,579,496</u>	<u>14,224,654</u>	<u>6,371,522</u>	<u>(7,853,132)</u>
<b>Expenditures</b>				
Current operating expenditures:				
General government	18,782	23,518	3,000	20,518
Judicial	1,392,963	3,862,680	1,685,774	2,176,906
Public safety	1,516,895	7,972,388	2,965,632	5,006,756
Public works	-	74,315	74,315	-
Health and human services	1,705,142	5,405,844	1,454,846	3,950,998
Community development	319,100	689,325	512,221	177,104
<b>Total expenditures</b>	<u>4,952,882</u>	<u>18,028,070</u>	<u>6,695,788</u>	<u>11,332,282</u>
<b>Deficiency of revenues over expenditures</b>	<u>(373,386)</u>	<u>(3,803,416)</u>	<u>(324,266)</u>	<u>3,479,150</u>
<b>Other financing sources</b>				
Transfers in	356,482	2,651,381	2,602,060	(49,321)
<b>Total other financing sources</b>	<u>356,482</u>	<u>2,651,381</u>	<u>2,602,060</u>	<u>(49,321)</u>
<b>Net changes in fund balance</b>	(16,904)	(1,152,035)	2,277,794	3,429,829
<b>Fund balance - beginning</b>	<u>1,275,548</u>	<u>1,275,548</u>	<u>1,275,548</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 1,258,644</u>	<u>\$ 123,513</u>	<u>\$ 3,553,342</u>	<u>\$ 3,429,829</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Community Development Block Grant Fund  
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 708,843	\$ 1,878,701	\$ 888,425	\$ (990,276)
<b>Total revenues</b>	<u>708,843</u>	<u>1,878,701</u>	<u>888,425</u>	<u>(990,276)</u>
<b>Expenditures</b>				
Current operating expenditures:				
Community development	708,843	1,677,563	888,425	789,138
<b>Total expenditures</b>	<u>708,843</u>	<u>1,677,563</u>	<u>888,425</u>	<u>789,138</u>
<b>Net changes in fund balance</b>	-	201,138	-	(201,138)
<b>Fund balance - beginning</b>	-	-	-	-
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ 201,138</u>	<u>\$ -</u>	<u>\$ (201,138)</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Forfeited Assets Fund  
For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 103,853	\$ 103,853
Revenue from use of money and property	-	-	6,957	6,957
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>110,810</u>	<u>110,810</u>
<b>Expenditures</b>				
Current operating expenditures:				
Judicial	-	75,258	23,763	51,495
Public safety	-	381,422	73,004	308,418
<b>Total expenditures</b>	<u>-</u>	<u>456,680</u>	<u>96,767</u>	<u>359,913</u>
<b>Net changes in fund balance</b>	-	(456,680)	14,043	470,723
<b>Fund balance - beginning</b>	<u>381,732</u>	<u>381,732</u>	<u>381,732</u>	<u>-</u>
<b>Fund balance (deficit)- ending</b>	<u>\$ 381,732</u>	<u>\$ (74,948)</u>	<u>\$ 395,775</u>	<u>\$ 470,723</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Children's Services Act Fund  
For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ 4,772,659	\$ 10,176,071	\$ 10,176,071	\$ -
Charges for services	2,292,627	3,427,478	3,427,478	-
Miscellaneous	48,600	48,600	119,694	71,094
<b>Total revenues</b>	<u>7,113,886</u>	<u>13,652,149</u>	<u>13,723,243</u>	<u>71,094</u>
<b>Expenditures</b>				
Current operating expenditures:				
Health and human services	7,113,886	14,062,344	13,918,032	144,312
<b>Total expenditures</b>	<u>7,113,886</u>	<u>14,062,344</u>	<u>13,918,032</u>	<u>144,312</u>
<b>Net changes in fund balance</b>	-	(410,195)	(194,789)	215,406
<b>Fund balance - beginning</b>	<u>210,195</u>	<u>210,195</u>	<u>210,195</u>	<u>-</u>
<b>Fund balance (deficit) - ending</b>	<u>\$ 210,195</u>	<u>\$ (200,000)</u>	<u>\$ 15,406</u>	<u>\$ 215,406</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Lynchburg Expressway Appearance Fund  
For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Current operating expenditures:				
Public works	75,000	75,000	29,415	45,585
<b>Total expenditures</b>	<u>75,000</u>	<u>75,000</u>	<u>29,415</u>	<u>45,585</u>
<b>Net changes in fund balance</b>	(75,000)	(75,000)	(29,415)	45,585
<b>Fund balance - beginning</b>	<u>196,367</u>	<u>196,367</u>	<u>196,367</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 121,367</u>	<u>\$ 121,367</u>	<u>\$ 166,952</u>	<u>\$ 45,585</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**HOME Investment Partnerships Program Fund**  
**For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 378,083	\$ 968,929	\$ 176,775	\$ (792,154)
Charges for Services	-	43,976	-	(43,976)
<b>Total revenues</b>	<u>378,083</u>	<u>1,012,905</u>	<u>176,775</u>	<u>(836,130)</u>
<b>Expenditures</b>				
Current operating expenditures:				
Community development	<u>378,083</u>	<u>1,008,196</u>	<u>182,609</u>	<u>825,587</u>
<b>Total expenditures</b>	<u>378,083</u>	<u>1,008,196</u>	<u>182,609</u>	<u>825,587</u>
<b>Net changes in fund balance</b>	-	4,709	(5,834)	(10,543)
<b>Fund balance - beginning</b>	<u>5,834</u>	<u>5,834</u>	<u>5,834</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 5,834</u>	<u>\$ 10,543</u>	<u>\$ -</u>	<u>\$ (10,543)</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, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 1,157,028	\$ 1,157,028	\$ 1,328,145	\$ 171,117
Charges for services	2,670,523	2,715,523	2,035,165	(680,358)
Miscellaneous	6,000	6,000	-	(6,000)
<b>Total revenues</b>	<u>3,833,551</u>	<u>3,878,551</u>	<u>3,363,310</u>	<u>(515,241)</u>
<b>Expenditures</b>				
Current operating expenditures:				
General government	5,316	8,004	5,595	2,409
Public safety	3,818,308	3,861,586	3,346,833	514,753
Capital outlay:				
Capital general government	-	-	8,247	(8,247)
Debt service:				
Principal retirements	7,525	7,525	8,421	(896)
Interest payments and other fiscal charges	2,402	2,402	2,461	(59)
<b>Total expenditures</b>	<u>3,833,551</u>	<u>3,879,517</u>	<u>3,371,557</u>	<u>507,960</u>
<b>Deficiency of revenues over expenditures</b>	<u>-</u>	<u>(966)</u>	<u>(8,247)</u>	<u>(7,281)</u>
<b>Other financing sources</b>				
Lease financing	-	-	8,247	8,247
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>8,247</u>	<u>8,247</u>
<b>Net changes in fund balance</b>	<u>-</u>	<u>(966)</u>	<u>-</u>	<u>966</u>
<b>Fund balance - beginning</b>	<u>276,097</u>	<u>276,097</u>	<u>276,097</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 276,097</u>	<u>\$ 275,131</u>	<u>\$ 276,097</u>	<u>\$ 966</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
City Capital Projects  
For the Year Ended June 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$ 15,472,317	\$ 77,395,328	\$ 10,242,919	\$ (67,152,409)
Revenue from use of money and property	-	37,171	23,256	(13,915)
Miscellaneous	-	334,098	247,230	(86,868)
<b>Total revenues</b>	<u>15,472,317</u>	<u>77,766,597</u>	<u>10,513,405</u>	<u>(67,253,192)</u>
<b>Expenditures</b>				
Current operating expenditures:				
Public safety	-	375,341	97,489	277,852
Public works	5,376,575	10,593,467	4,383,524	6,209,943
Cultural and recreational	-	920,810	755,456	165,354
Community development	152,960	1,452,659	1,266,711	185,948
Capital outlay:				
Capital general government	38,477,173	196,295,969	39,839,328	156,456,641
<b>Total expenditures</b>	<u>44,006,708</u>	<u>209,638,246</u>	<u>46,342,508</u>	<u>163,295,738</u>
<b>Deficiency of revenues over expenditures</b>	<u>(28,534,391)</u>	<u>(131,871,649)</u>	<u>(35,829,103)</u>	<u>96,042,546</u>
<b>Other financing sources (uses)</b>				
Issuance of bonds	28,331,431	94,310,654	7,370,422	(86,940,232)
Transfers in	1,802,960	5,429,382	5,429,382	-
Transfers out	(1,600,000)	(1,600,000)	(1,600,000)	-
<b>Total other financing sources (uses)</b>	<u>28,534,391</u>	<u>98,140,036</u>	<u>11,199,804</u>	<u>(86,940,232)</u>
<b>Net changes in fund balance</b>	-	(33,731,613)	(24,629,299)	9,102,314
<b>Fund balance - beginning</b>	<u>60,185,077</u>	<u>60,185,077</u>	<u>60,185,077</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 60,185,077</u>	<u>\$ 26,453,464</u>	<u>\$ 35,555,778</u>	<u>\$ 9,102,314</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
School Capital Projects  
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 4,041,314	\$ 3,643,009	\$ (398,305)
Revenue from use of money and property	-	-	254,100	254,100
<b>Total revenues</b>	<u>-</u>	<u>4,041,314</u>	<u>3,897,109</u>	<u>(144,205)</u>
<b>Expenditures</b>				
Current operating expenditures:				
Education	5,540,000	10,064,308	4,362,458	5,701,850
Capital outlay:				
Capital general government	-	2,596,913	1,041,364	1,555,549
<b>Total expenditures</b>	<u>5,540,000</u>	<u>12,661,221</u>	<u>5,403,822</u>	<u>7,257,399</u>
<b>Deficiency of revenues over expenditures</b>	<u>(5,540,000)</u>	<u>(8,619,907)</u>	<u>(1,506,713)</u>	<u>7,113,194</u>
<b>Other financing sources</b>				
Issuance of bonds	5,540,000	8,185,193	1,096,575	(7,088,618)
<b>Total other financing sources</b>	<u>5,540,000</u>	<u>8,185,193</u>	<u>1,096,575</u>	<u>(7,088,618)</u>
<b>Net changes in fund balance</b>	-	(434,714)	(410,138)	24,576
<b>Fund balance - beginning</b>	<u>4,568,497</u>	<u>4,568,497</u>	<u>4,568,497</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 4,568,497</u>	<u>\$ 4,133,783</u>	<u>\$ 4,158,359</u>	<u>\$ 24,576</u>

**Discretely Presented Component Unit - Lynchburg City Schools  
Combining Balance Sheet  
June 30, 2025**

	<u>School Operating</u>	<u>School Federal Aid</u>	<u>School Cafeteria</u>	<u>School Activities</u>	<u>Total Governmental</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 2,169,714	\$ -	\$ 494,181	\$ 1,267,631	\$ 3,931,526
Receivables, net of allowance	158,714	-	943,120	-	1,101,834
Due from other funds	777,187	-	-	-	777,187
Due from other governments	2,724,452	3,613,674	-	-	6,338,126
Due from primary government- local funding	5,370,710	-	-	-	5,370,710
Prepaid expenses and other assets	223,081	-	-	-	223,081
Inventory	-	-	82,854	-	82,854
<b>Total assets</b>	<u>\$ 11,423,858</u>	<u>\$ 3,613,674</u>	<u>\$ 1,520,155</u>	<u>\$ 1,267,631</u>	<u>\$ 17,825,318</u>
<b>Liabilities</b>					
Accounts payable and other liabilities	\$ 233,304	\$ 17,298	\$ 38,481	\$ -	\$ 289,083
Accrued payroll and related liabilities	6,274,389	791,284	237,600	-	7,303,273
Due to other funds	-	695,398	81,789	-	777,187
Unearned revenue	-	2,109,596	-	-	2,109,596
Due to primary government- return of local funding	3,325,861	-	-	-	3,325,861
Due to primary government- other	76,065	-	-	-	76,065
<b>Total liabilities</b>	<u>9,909,619</u>	<u>3,613,576</u>	<u>357,870</u>	<u>-</u>	<u>13,881,065</u>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	1,178,836	-	-	-	1,178,836
<b>Total deferred inflows of resources</b>	<u>1,178,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,178,836</u>
<b>Fund balances</b>					
Nonspendable:					
Prepaid expenses	223,081	-	-	-	223,081
Inventory	-	-	82,854	-	82,854
Restricted for:					
Nutrition	-	-	1,079,431	-	1,079,431
Committed for:					
Education	112,322	98	-	-	112,420
Assigned for:					
Student activities	-	-	-	1,267,631	1,267,631
<b>Total fund balances</b>	<u>335,403</u>	<u>98</u>	<u>1,162,285</u>	<u>1,267,631</u>	<u>2,765,417</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 11,423,858</u>	<u>\$ 3,613,674</u>	<u>\$ 1,520,155</u>	<u>\$ 1,267,631</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,631,711
Receivables on the Statement of Net Position that do not provide current financial resources are reported as unavailable revenue in the funds.	1,178,836
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to:	
Pensions	23,047,579
Other postemployment benefits	2,743,674
Deferred inflows related to:	
Pensions	(10,556,574)
Other postemployment benefits	(7,160,105)
Net pension asset	637,775
Net pension liability	(57,934,167)
Other postemployment benefits	<u>(17,262,523)</u>
	(66,484,341)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,212,880)</u>
Net position of governmental activities	<u>\$ (60,121,257)</u>

**Discretely Presented Component Unit - Lynchburg City Schools  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2025**

	<u>School Operating</u>	<u>School Federal Aid</u>	<u>School Cafeteria</u>	<u>School Activities</u>	<u>Total Governmental</u>
<b>Revenues</b>					
Intergovernmental:					
State and Federal	\$ 72,666,724	\$ 27,354,869	\$ 6,386,199	\$ -	\$ 106,407,792
City of Lynchburg	37,042,445	-	-	-	37,042,445
Charges for services	486,136	-	277,846	1,678,795	2,442,777
Miscellaneous	567,463	88,055	98,546	-	754,064
<b>Total revenues</b>	<u>110,762,768</u>	<u>27,442,924</u>	<u>6,762,591</u>	<u>1,678,795</u>	<u>146,647,078</u>
<b>Expenditures</b>					
Education:					
Instruction	77,693,560	18,563,619	-	1,563,259	97,820,438
Administration, attendance and health	8,007,338	2,928,367	-	-	10,935,705
Pupil transportation services	6,739,110	-	-	-	6,739,110
Operations and maintenance	13,386,601	388,562	-	-	13,775,163
Food services and other non-instructional operations	81,532	684,863	7,258,182	-	8,024,577
Facilities	26,096	-	-	-	26,096
Technology	2,830,744	1,001,061	-	-	3,831,805
Capital outlay	508,060	3,862,644	170,007	-	4,540,711
Debt service:					
Principal retirement	3,552,852	-	-	-	3,552,852
Interest payments	42,164	-	-	-	42,164
<b>Total expenditures</b>	<u>112,868,057</u>	<u>27,429,116</u>	<u>7,428,189</u>	<u>1,563,259</u>	<u>149,288,621</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,105,289)</u>	<u>13,808</u>	<u>(665,598)</u>	<u>115,536</u>	<u>(2,641,543)</u>
<b>Other financing sources (uses)</b>					
Issuance of subscription liability	864,454	-	-	-	864,454
Transfers in	-	-	14,882	-	14,882
Transfers out	-	(14,882)	-	-	(14,882)
<b>Total other financing sources (uses)</b>	<u>864,454</u>	<u>(14,882)</u>	<u>14,882</u>	<u>-</u>	<u>864,454</u>
<b>Net changes in fund balances</b>	<u>(1,240,835)</u>	<u>(1,074)</u>	<u>(650,716)</u>	<u>115,536</u>	<u>(1,777,089)</u>
<b>Fund balances - beginning</b>	<u>1,576,238</u>	<u>1,172</u>	<u>1,813,001</u>	<u>1,152,095</u>	
<b>Fund balances - ending</b>	<u>\$ 335,403</u>	<u>\$ 98</u>	<u>\$ 1,162,285</u>	<u>\$ 1,267,631</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 and amortization expense. This is the amount by which capital outlay of \$1,371,661, was outpaced by depreciation and amortization expense of (\$5,245,368)	(3,873,707)
Loss on disposition of capital assets is not reflected in the fund statements.	(53,605)
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	9,669,442
Pension benefit	(5,143,691)
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	1,501,516
Other postemployment expense	(438,771)
Compensated absences are not due and payable at June 30, and therefore are not reported in the fund statements.	(1,385,981)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	135,401
The issuance of long-term debt (e.g. subscription liabilities) provides current financial resources to governmental funds, but has no effect on net assets.	(864,454)
Principal payments on subscription liabilities consumes the current financial resources of governmental funds, but has no effect on net assets.	<u>3,552,852</u>
<b>Change in net position of governmental activities.</b>	<u>\$ 1,321,913</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, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental:				
State and Federal	\$ 72,685,787	\$ 72,685,787	\$ 72,666,724	\$ (19,063)
City of Lynchburg, before return of funds	40,360,355	40,360,355	40,368,306	7,951
Charges for services	449,000	449,000	486,136	37,136
Miscellaneous	420,500	420,500	567,463	146,963
<b>Total revenues</b>	<u>113,915,642</u>	<u>113,915,642</u>	<u>114,088,629</u>	<u>172,987</u>
<b>Expenditures</b>				
Education:				
Instruction	78,685,323	79,663,534	77,693,560	1,969,974
Administration, attendance and health	8,116,035	8,208,178	8,007,338	200,840
Pupil transportation services	6,981,194	6,903,732	6,739,110	164,622
Operations and maintenance	13,825,327	13,530,147	13,386,601	143,546
Food service and other	54,183	54,183	81,532	(27,349)
Facilities	19,718	12,337	26,096	(13,759)
Technology	5,233,862	5,317,580	1,966,290	3,351,290
Contingency reserve	1,000,000	1,000,000	-	1,000,000
Capital outlay	-	419,762	508,060	(88,298)
Debt service	-	-	3,595,016	(3,595,016)
<b>Total expenditures</b>	<u>113,915,642</u>	<u>115,109,453</u>	<u>112,003,603</u>	<u>3,105,850</u>
<b>Excess of revenues over expenditures</b>	<u>-</u>	<u>(1,193,811)</u>	<u>2,085,026</u>	<u>3,278,837</u>
<b>Net changes in fund balances</b>	<u>\$ -</u>	<u>\$ (1,193,811)</u>	<u>2,085,026</u>	<u>\$ 3,278,837</u>
Less return of funds to the City			<u>(3,325,861)</u>	
			<u>\$ (1,240,835)</u>	

The adopted budget does not include the impacts of accounting for subscription liabilities and subscription right-to-use assets.

**Discretely Presented Component Unit - Lynchburg City Schools**  
**Statement of Fiduciary Net Position**  
**June 30, 2025**

	<b>Total Custodial Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 728,697
Prepaid expenses	6,979
<b>Total assets</b>	<u>735,676</u>
<b>Liabilities</b>	
Accounts payable and other liabilities	4,960
Accrued payroll and related liabilities	73,291
Unearned revenue	80,600
<b>Total liabilities</b>	<u>158,851</u>
<b>Net Position</b>	
Restricted for individuals and organizations	576,825
<b>Total net position</b>	<u>\$ 576,825</u>

Discretely Presented Component Unit - Lynchburg City Schools  
Combining Statement of Fiduciary Net Position  
June 30, 2025

	<u>Governor's School</u>	<u>STEM</u>	<u>Step with Links</u>	<u>GLCT- Step with Links</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 277,570	\$ 76,576	\$ 50,155	\$ 324,396	\$ 728,697
Prepaid expenses	6,971	8	-	-	6,979
<b>Total assets</b>	<u>284,541</u>	<u>76,584</u>	<u>50,155</u>	<u>324,396</u>	<u>735,676</u>
<b>Liabilities</b>					
Accounts payable and other liabilities	4,756	204	-	-	4,960
Accrued payroll and related liabilities	71,303	1,683	305	-	73,291
Unearned revenue	-	80,600	-	-	80,600
<b>Total liabilities</b>	<u>76,059</u>	<u>82,487</u>	<u>305</u>	<u>-</u>	<u>158,851</u>
<b>Net Position</b>					
Restricted for individuals and organizations	208,482	(5,903)	49,850	324,396	576,825
<b>Total net position</b>	<u>\$ 208,482</u>	<u>\$ (5,903)</u>	<u>\$ 49,850</u>	<u>\$ 324,396</u>	<u>\$ 576,825</u>

**Discretely Presented Component Unit - Lynchburg City Schools**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2025**

	Governor's School	STEM	Step with Links	GLCT- Step with Links	Total
<b>Additions</b>					
Contributions:					
Donations	\$ -	\$ 24,519	\$ 3,200	\$ -	\$ 27,719
Tuition	672,100	348,100	-	-	1,020,200
Other fees	1,353	1,935	-	100	3,388
Intergovernmental- state and federal	682,946	-	-	-	682,946
Investment earnings:					
Interest and capital gains	-	-	-	33,744	33,744
<b>Total additions</b>	<u>1,356,399</u>	<u>374,554</u>	<u>3,200</u>	<u>33,844</u>	<u>1,767,997</u>
<b>Deductions</b>					
Investment expenses	-	-	-	18,284	18,284
Instruction	1,076,757	391,131	8,545	-	1,476,433
Operations and maintenance	113,906	-	-	-	113,906
Technology	13,380	-	-	-	13,380
Capital outlay	112,192	-	-	-	112,192
<b>Total deductions</b>	<u>1,316,235</u>	<u>391,131</u>	<u>8,545</u>	<u>18,284</u>	<u>1,734,195</u>
<b>Net increase (decrease) in fiduciary net position</b>	<u>40,164</u>	<u>(16,577)</u>	<u>(5,345)</u>	<u>15,560</u>	<u>33,802</u>
<b>Net position - beginning</b>	<u>168,318</u>	<u>10,674</u>	<u>55,195</u>	<u>308,836</u>	<u>543,023</u>
<b>Net position - ending</b>	<u>\$ 208,482</u>	<u>\$ (5,903)</u>	<u>\$ 49,850</u>	<u>\$ 324,396</u>	<u>\$ 576,825</u>

Combining Statement of Net Position  
Other Component Units  
June 30, 2025

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,243,872	\$ 882,435	\$ 2,126,307
Receivables, net of allowance	172,455	114,960	287,415
Due from other governments	-	499,436	499,436
Inventory	-	291,172	291,172
Prepays and other assets	-	46,344	46,344
Capital assets:			
Nondepreciable	-	2,971,686	2,971,686
Depreciable/Amortizable, net	5,278	34,914,144	34,919,422
<b>Total assets</b>	<u>1,421,605</u>	<u>39,720,177</u>	<u>41,141,782</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to other postemployment benefits	-	159,979	159,979
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>159,979</u>	<u>159,979</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and other liabilities	79,224	350,426	429,650
Due to other governments	495,000	-	495,000
Due to primary government	125,000	957,320	1,082,320
Subscription liabilities, current portion	-	1,120	1,120
Net other postemployment benefit liability, current portion	-	25,955	25,955
Total current liabilities	<u>699,224</u>	<u>1,334,821</u>	<u>2,034,045</u>
Noncurrent liabilities:			
Net other postemployment benefit liability	-	233,592	233,592
Subscription liabilities, net of current portion	-	10,080	10,080
Compensated absences	-	147,934	147,934
Total noncurrent liabilities	<u>-</u>	<u>391,606</u>	<u>391,606</u>
<b>Total liabilities</b>	<u>699,224</u>	<u>1,726,427</u>	<u>2,425,651</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to other postemployment benefits	-	57,705	57,705
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>57,705</u>	<u>57,705</u>
<b>Net position</b>			
Net investment in capital assets	5,278	37,874,280	37,879,558
Restricted	-	81,464	81,464
Unrestricted	717,103	140,280	857,383
<b>Total net position</b>	<u>\$ 722,381</u>	<u>\$ 38,096,024</u>	<u>\$ 38,818,405</u>

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Other Component Units  
For the Year Ended June 30, 2025**

	<b>Component Units</b>		
	<b>Business Development Centre, Inc.</b>	<b>Greater Lynchburg Transit Company</b>	<b>Total</b>
<b>Operating revenues</b>			
Charges for services and other operating revenues	\$ 316,950	\$ 711,864	\$ 1,028,814
<b>Total operating revenues</b>	<u>316,950</u>	<u>711,864</u>	<u>1,028,814</u>
<b>Operating expenses</b>			
Operations	226,892	6,374,865	6,601,757
Administration	480	2,276,425	2,276,905
Maintenance and repairs	31,226	2,443,867	2,475,093
<b>Total operating expenses</b>	<u>258,598</u>	<u>11,095,157</u>	<u>11,353,755</u>
<b>Operating income (loss)</b>	<u>58,352</u>	<u>(10,383,293)</u>	<u>(10,324,941)</u>
<b>Nonoperating revenue</b>			
Subsidy of operations- City of Lynchburg	-	1,863,272	1,863,272
Subsidy of operations- Counties	-	84,958	84,958
Subsidy of operations- State aid for public transportation	-	1,652,305	1,652,305
Subsidy of operations- Federal operating grant	-	4,137,743	4,137,743
Miscellaneous revenue	-	620,878	620,878
Gain on disposition of capital assets	-	23,769	23,769
<b>Total nonoperating revenue</b>	<u>-</u>	<u>8,382,925</u>	<u>8,382,925</u>
Capital contributions	-	6,027,188	6,027,188
<b>Change in net position</b>	58,352	4,026,820	4,085,172
<b>Total net position - beginning</b>	<u>664,029</u>	<u>34,069,204</u>	<u>34,733,233</u>
<b>Total net position - ending</b>	<u>\$ 722,381</u>	<u>\$ 38,096,024</u>	<u>\$ 38,818,405</u>

**Combining Statement of Cash Flows  
Other Component Units  
For the Year Ended June 30, 2025**

	<b>Component Units</b>		
	<b>Business Development Centre, Inc.</b>	<b>Greater Lynchburg Transit Company</b>	<b>Total</b>
<b>Operating activities</b>			
Cash received from operations	\$ 369,708	\$ 716,309	\$ 1,086,017
Cash paid to employees	(152,407)	(4,359,015)	(4,511,422)
Cash paid to suppliers for goods and services	(103,704)	(4,751,930)	(4,855,634)
<b>Net cash provided by (used in) operating activities</b>	<b>113,597</b>	<b>(8,394,636)</b>	<b>(8,281,039)</b>
<b>Noncapital financing activities</b>			
Subsidies	-	8,542,811	8,542,811
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>8,542,811</b>	<b>8,542,811</b>
<b>Capital and related financing activities</b>			
Capital contributions received	-	6,137,870	6,137,870
Purchases of capital assets	(6,021)	(6,372,962)	(6,378,983)
Principal payments on long-term liabilities	-	(1,120)	(1,120)
Proceeds from sale of capital assets	-	30,951	30,951
Repayment of amounts due to Lynchburg Economic Development Authority	(264,708)	-	(264,708)
<b>Net cash used in capital and related financing activities</b>	<b>(270,729)</b>	<b>(205,261)</b>	<b>(475,990)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(157,132)</b>	<b>(57,086)</b>	<b>(214,218)</b>
<b>Cash and cash equivalents</b>			
<b>Beginning of year</b>	<b>1,401,004</b>	<b>939,521</b>	<b>2,340,525</b>
<b>End of year</b>	<b>\$ 1,243,872</b>	<b>\$ 882,435</b>	<b>\$ 2,126,307</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 58,352	\$ (10,383,293)	\$ (10,324,941)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation	743	1,990,893	1,991,636
Decrease in receivables	50,758	4,445	55,203
Decrease in prepaids and other assets	-	17,933	17,933
Increase in inventory	-	(7,004)	(7,004)
Increase (decrease) in accounts payable and other current liabilities	3,744	(33,948)	(30,204)
Increase in compensated absences	-	14,646	14,646
Increase in other postemployment benefits	-	1,692	1,692
<b>Net cash provided by (used) in operating activities</b>	<b>\$ 113,597</b>	<b>\$ (8,394,636)</b>	<b>\$ (8,281,039)</b>
<b>Supplemental cash flow information</b>			
<b>Non-cash transactions:</b>			
Capital assets additions financed by accounts payable	\$ -	\$ 350	\$ 350

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## **SUPPLEMENTAL SCHEDULES**



**SCHEDULE 1**

**CITY OF LYNCHBURG, VIRGINIA**

Schedule of Passenger Facility Charges  
As of June 30, 2025

Passenger Facility Charges and Disbursements:

	<u>July-Sept</u> <u>1st Quarter</u>	<u>Oct-Dec</u> <u>2nd Quarter</u>	<u>Jan-March</u> <u>3rd Quarter</u>	<u>April-June</u> <u>4th Quarter</u>	<u>Totals for Year</u>
Beginning Collections on Hand	\$ 33,014	\$ 42,145	\$ 64,565	\$ 58,100	\$ 33,014
Revenues					
Receipts	83,787	97,106	72,915	64,261	318,069
Interest	344	314	287	291	1,236
Total revenues received	<u>84,131</u>	<u>97,420</u>	<u>73,202</u>	<u>64,552</u>	<u>319,305</u>
Expenditures					
Application #5/6					
06-001 PFC Dev. & Admin	-	-	4,667	-	4,667
06-008 Extend RW 4-22 Constr	75,000	75,000	75,000	75,000	300,000
Total Application 5/6	<u>75,000</u>	<u>75,000</u>	<u>79,667</u>	<u>75,000</u>	<u>304,667</u>
Total Expenditures	75,000	75,000	79,667	75,000	304,667
Ending Collections on Hand	<u>\$ 42,145</u>	<u>\$ 64,565</u>	<u>\$ 58,100</u>	<u>\$ 47,652</u>	<u>\$ 47,652</u>

**SCHEDULE 2**

Schedule of Expenditures of Passenger Facility Charges  
As of June 30, 2025

Expenditures of Passenger Facility Charges:

<u>Project</u>	<u>PFC</u> <u>Expenditures</u>
<u>Application 6 (12-06-C-00-LYH)</u>	
PFC Development & Admin Costs	\$ 4,667
“State” Expense Reimbursements	<u>300,000</u>
Total PFC expenditures	<u>\$ 304,667</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.

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### 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. 151-156

#### 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. 157-169

#### REVENUE CAPACITY

Tables 12-19 contain information to help the reader assess the City's most significant local revenue sources, property taxes. 170-177

#### DEBT CAPACITY

Tables 20-25 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. 178-183

#### DEMOGRAPHIC AND ECONOMIC INDICATORS

Tables 26-27 offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 184-185

#### OPERATING INFORMATION

Tables 28-31 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. 186-189

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

**CITY OF LYNCHBURG, VIRGINIA**  
**MISCELLANEOUS STATISTICAL DATA**  
**June 30, 2025**

**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 2018 (1).....	81,339
United States Census 2019 (1).....	80,783
United States Census 2020 (1) .....	81,266
United States Census 2021 (1) .....	80,054
United States Census 2022 (1) .....	80,127
United States Census 2023 (1) .....	80,736
United States Census 2024 (1) .....	81,782

(1) Source: Weldon Cooper Center for Public Service,  
[www.coopercenter.org](http://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 January 1 of each election year by simple majority vote a Mayor, who serves a two-year term.

Appointed by the City Council, the City Manager serves as the chief administrative officer of the municipal corporation. The City Manager performs the City’s administrative and policy-related duties, directs business procedures and has the power of appointment and removal of the heads of all administrative departments as well as other employees of the City. The City Manager’s primary focus is on helping Council set priorities, interpreting City Council’s actions to the appropriate department, outside organizations and citizens, and providing professional leadership in executing the adopted policies of City Council.

**SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY**

By an Act of the General Assembly of Virginia, approved March 31, 1926, all real estate, tangible personal property, and machinery used for manufacturing purposes, were segregated to the City, and these subjects are not liable to any general tax except the City tax.

**ASSESSMENTS**

The City Assessor of real property appraises the market value of real estate on a biannual assessment cycle. The entire City is reviewed every other year (with values effective the first day of July of the odd years) and adjustments are made where necessary based upon market evidence indicating a change in the value.

The Commissioner of Revenue is required by law to assess vehicles and motorcycles by means of a recognized pricing guide. For most other personal property, the assessed value is based on a percentage of original cost.

**CITY OF LYNCHBURG, VIRGINIA**

**MISCELLANEOUS STATISTICAL DATA**

**June 30, 2025**

**(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:**

- \$0.89 per \$100 assessed value: 2024-2025
- \$1.11 per \$100 assessed value: 2013-2023
- \$1.05 per \$100 assessed value: 2008-2012
- \$1.11 per \$100 assessed value: 1998-2007
- \$1.13 per \$100 assessed value: 1997
- \$1.16 per \$100 assessed value: 1995-1996
- \$1.18 per \$100 assessed value: 1990-1994

**Tangible Personal Property:**

- \$3.80 per \$100 assessed value: 2005-2025
- \$3.30 per \$100 assessed value: 1990-2004

**Machinery and Tools:**

- \$3.00 per \$100 assessed value: 1990-2025

**Local Sales Tax:**

- 1% + 4.3% VA tax: 2014-2025
- 1% + 4.0% VA tax: 2005-2013
- 1% + 3.5% VA tax: 1998-2004

**Utility Consumers' Tax:**

- Electricity:
  - Residential – the greater of: \$0.0046 for the first 1,000 kwh (or a fraction thereof) plus \$0.0026 for each kwh over the first 1,000 kwh, or 7% of the minimum monthly charge.
  - Commercial – the greater of: \$0.0048 for the first 1,000 kwh (or a fraction thereof) plus \$0.0092 for each kwh over the first 1,000 kwh, or 7% of the minimum monthly charge.
  - Industrial – the greater of: \$0.00375 for the first 1,000 kwh (or a fraction thereof) plus \$0.0026 for each kwh over the first 1,000 kwh, or 7% of the minimum monthly charge.

**Business, Professional, and Occupational License:**

- Effective January 1, 2023 the City of Lynchburg will no longer issue a Business License for any business with gross receipts/purchases of \$150,000 or less.
- If gross receipts/purchases are greater than \$150,000 the following schedule is utilized:
  - Retail merchants – \$0.19 per \$100 of gross receipts
  - Contractors – \$0.15 per \$100 of gross receipts
  - Business/personal service – \$0.34 per \$100 of gross receipts
  - Professional service – \$0.55 per \$100 of gross receipts
  - Wholesale merchants – \$20.00 plus \$0.26 per \$100 of gross purchases

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

**MISCELLANEOUS STATISTICAL DATA**

**June 30, 2025**

**(Continued)**

**TAX RATES**

**(Continued)**

Motor Vehicle License:

- \$29.50 for vehicles weighing 4,000 pounds or less: 2005-2025
- \$34.50 for vehicles weighing greater than 4,000 pounds: 2005-2025
- \$25.00 for all types of vehicles: 1990-2004

Tobacco Tax:

- \$0.35 on pack of twenty cigarettes: 2004-2025
- \$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% plus \$1 per room per night 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 - \$425
  - Emergency transport fee - \$600
  - 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.
- A fee of \$ 50 is charged for oxygen supply.

**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.

(Continued)

**CITY OF LYNCHBURG, VIRGINIA**

**MISCELLANEOUS STATISTICAL DATA**

**June 30, 2025**

**(Continued)**

**OVERLAPPING AREAS AND DEBT**

The City of Lynchburg is autonomous and entirely independent of any county or any other political subdivision of the state, being a separate and distinct political unit since 1852.

It is not coterminous with, nor subject to any county or school district taxation, and is not liable for any indebtedness other than its own. It has the power to levy taxes on all real and tangible personal property without limitation of rate or amount.

**FUND BALANCE POLICY**

The City council adopted a resolution in 1999 that was reaffirmed in 2010, revised in 2011, revised in 2013, revised in 2016, revised in 2019, and reaffirmed in 2023 which established major policy goal of maintaining the Unassigned General Fund Balance at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing. The Fund Balance Policy for the General Fund states:

- The City shall not use the Unassigned General Fund Balance to finance recurring operating expenditures.
- The City will maintain an Unassigned General Fund Balance (UGFB) equal to a minimum of 10% of General Fund revenues with a goal of 15% as the City strives to grow incrementally each year subject to revenues available. In the event the UGFB is used to provide for temporary funding of unforeseen emergency needs, the City shall restore the Unassigned General Fund Balance to the previous level within three years.
- The City will balance moving towards the 15% targeted fund balance with its annual “Pay as you go” capital improvement requirements.

**Enterprise Funds:**

- **Water Fund:** Minimum ending fund balance shall not be less than 25% of total fund appropriations with a target balance of 40% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years. Funds in excess of the targeted 10% fund balance may be considered to supplement “pay-as-you-go” capital outlay expenditures, other non-recurring expenditures or as additions to fund balance.
- **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, 2025**

**(Continued)**

**DEBT MANAGEMENT POLICY**

The City council adopted a resolution on August 10, 1999, which was reaffirmed in 2004, revised in 2010, revised in 2013, revised in 2016, revised in 2019 and reaffirmed in 2023, establishing guidelines for the planning, issuance and management of debt, for and on behalf of City of Lynchburg. The City will issue debt for the purpose of acquiring or constructing capital projects and for making major renovations to existing capital projects. The City shall comply with all its undertakings in accordance with Securities and Exchange Commission Rule 15c2-12 and will follow the Government Finance Officers' Association and Securities and Exchange Commission requirements for continuing disclosure. Two types of debt obligations are used by the City:

- Tax supported obligations are those that are expected to be repaid from the General Fund tax revenue of the City of Lynchburg. These include general obligation bonds (except self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in calculations of tax-supported bonds.
- Revenue-supported obligations are those for which the debt service is payable solely from the revenue generated from the operation of the project being financed or a category of facilities (i.e. water and sewer). These are not considered tax-supported debt of the City.

The City may use the Virginia Public School Authority (VPSA) or State Literary Fund loans to finance school capital projects. City bonds sold to the VPSA and Literary Fund loans constitute general obligation debt of the City. City Council shall approve any application to the VPSA or the Department of Education for a Literary Fund loan. City Council shall approve the issuance of the bonds as required by the Public Finance Act. The School Board shall recommend such financings before a proposed financing is brought to City Council for approval.

**BUDGET POLICY**

The City council adopted a resolution November 14, 2000 which was revised in 2008, reaffirmed in 2010, revised in 2013, revised in 2016, and reaffirmed in 2019 and 2023.

***Principles***

- Public participation in the budgetary process will be encouraged.
- The City will avoid dedicating revenue to a specific project or program because of the constraint this may place on flexibility in resource allocation except in instances where programs are expected to be self-sufficient or where revenue is dedicated to a program for statutory or policy reasons.
- The budget process will be coordinated in a way that major policy issues are identified for City Council several months prior to consideration of budget approval. This will allow adequate time for appropriate decisions and analysis of financial impacts.

**QUARTERLY FINANCIAL REPORTING**

The City Manager will present to the City Council's Finance Committee (with copies to the remainder of Council) quarterly financial reports identifying meaningful trends in revenues and expenditures for the General, Water, Sewer, Stormwater, Airport, Children's Services Act, Juvenile Detention, 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, 2025**  
**(Continued)**

**INVESTMENT POLICY**

The City council adopted an investment policy on September 25, 2001, which was revised in 2008, reaffirmed in 2010, revised in 2013, reaffirmed in 2016 and 2019, and revised in 2023, establishing specific requirements or limitations imposed upon the investment of Bond Proceeds, Debt Service Funds and Debt Service Reserve Funds. It is the policy of the City of Lynchburg that the investment and administration of its funds be made in accordance with the Code of Virginia Investment of Public Funds Act, the applicable provisions of any outstanding bond indebtedness, and this policy. The City shall 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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 210,809,815	\$ 215,193,933	\$ 233,197,296	\$ 236,283,981	\$ 235,958,968	\$ 241,380,873	\$ 240,095,381	\$ 252,787,740	\$ 273,368,917	\$ 305,507,770
Restricted	4,879,215	2,743,988	2,929,713	3,540,436	3,232,537	3,497,836	3,300,380	2,310,836	10,020,934	7,700,014
Unrestricted	(26,991,866)	(29,668,951)	(119,179,431)	(106,684,248)	(91,350,597)	(71,751,034)	(35,063,679)	15,423,616	17,313,919	5,635,429
Total governmental activities net position	<u>\$ 188,697,164</u>	<u>\$ 188,268,970</u>	<u>\$ 116,947,578</u>	<u>\$ 133,140,169</u>	<u>\$ 147,840,908</u>	<u>\$ 173,127,675</u>	<u>\$ 208,332,082</u>	<u>\$ 270,522,192</u>	<u>\$ 300,703,770</u>	<u>\$ 318,843,213</u>
Business-type activities										
Net investment in capital assets	\$ 209,526,622	\$ 218,449,553	\$ 224,892,828	\$ 235,078,795	\$ 250,754,162	\$ 250,988,554	\$ 258,965,814	\$ 263,568,578	\$ 277,718,929	\$ 306,872,333
Restricted	3,478	108,833	46,465	3,621	53,350	53,539	51,547	28,545	33,014	47,652
Unrestricted	16,266,676	16,867,521	7,589,878	12,507,989	12,477,023	22,052,865	26,356,473	36,049,246	33,567,183	33,647,495
Total business-type activities net position	<u>\$ 225,796,776</u>	<u>\$ 235,425,907</u>	<u>\$ 232,529,171</u>	<u>\$ 247,590,405</u>	<u>\$ 263,284,535</u>	<u>\$ 273,094,958</u>	<u>\$ 285,373,834</u>	<u>\$ 299,646,369</u>	<u>\$ 311,319,126</u>	<u>\$ 340,567,480</u>
Primary government										
Net investment in capital assets	\$ 420,336,437	\$ 433,643,486	\$ 458,090,124	\$ 471,362,776	\$ 486,713,130	\$ 492,369,427	\$ 499,061,195	\$ 516,356,318	\$ 551,087,846	\$ 612,380,103
Restricted	4,882,693	2,852,821	2,976,178	3,544,057	3,285,887	3,551,375	3,351,927	2,339,381	10,053,948	7,747,666
Unrestricted	(10,725,190)	(12,801,430)	(111,589,553)	(94,176,259)	(78,873,574)	(49,698,169)	(8,707,206)	51,472,862	50,881,102	39,282,924
Total primary government net position	<u>\$ 414,493,940</u>	<u>\$ 423,694,877</u>	<u>\$ 349,476,749</u>	<u>\$ 380,730,574</u>	<u>\$ 411,125,443</u>	<u>\$ 446,222,633</u>	<u>\$ 493,705,916</u>	<u>\$ 570,168,561</u>	<u>\$ 612,022,896</u>	<u>\$ 659,410,693</u>

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

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

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 14,564,945	\$ 15,669,122	\$ 15,034,844	\$ 13,734,751	\$ 14,379,320	\$ 16,049,250	\$ 14,375,451	\$ 16,333,475	\$ 15,623,936	\$ 19,042,691
Judicial	6,294,658	6,719,652	6,596,638	6,673,671	6,499,282	6,815,593	6,783,137	7,125,161	8,309,017	8,857,855
Public Safety	48,490,912	50,797,418	49,506,763	49,901,450	49,480,578	50,913,682	49,446,622	59,028,000	68,687,070	71,376,484
Public Works	26,656,472	28,964,652	28,254,520	29,588,360	29,026,793	27,411,647	28,546,799	31,199,359	31,886,711	35,323,727
Health and Human Services	28,802,640	29,306,224	28,447,078	28,193,609	30,842,359	31,485,493	29,917,851	32,786,726	36,925,707	41,993,422
Culture and Recreation	10,090,164	11,126,401	10,551,172	10,792,828	10,353,308	11,327,151	11,755,843	12,667,898	14,808,839	14,728,877
Community Development	7,764,713	6,216,395	6,423,270	6,618,561	6,420,082	9,107,983	6,553,744	7,398,674	7,474,318	9,179,877
Education	52,163,773	50,225,729	46,418,469	45,787,500	45,019,250	48,894,927	45,367,275	46,904,280	47,942,770	44,849,068
Interest Payments and Fiscal Charges	7,012,279	7,354,890	6,876,234	7,000,819	6,157,813	5,225,235	5,788,846	6,030,025	94,580	6,122,628
Issuance Costs	268,267	-	346,067	-	744,889	118,668	-	314,600	570,853	-
Total governmental activities expenses	<u>202,108,823</u>	<u>206,380,483</u>	<u>198,455,055</u>	<u>198,291,549</u>	<u>198,923,674</u>	<u>207,349,629</u>	<u>198,535,568</u>	<u>219,788,198</u>	<u>232,323,801</u>	<u>251,474,629</u>
Business-type activities:										
Stormwater	2,250,406	2,303,672	2,796,349	3,114,545	3,335,424	3,287,239	3,746,417	3,835,023	4,114,184	4,331,675
Airport	4,590,497	4,793,694	4,734,183	5,019,188	5,134,437	5,322,098	5,604,299	5,478,548	6,004,562	6,419,040
Water	14,392,767	13,767,772	14,801,886	14,845,315	15,046,373	14,158,717	14,239,005	16,073,660	16,477,619	19,081,062
Sewer	19,032,652	19,382,060	19,689,327	20,301,884	21,004,040	22,199,335	24,398,177	26,871,087	27,951,606	30,482,053
Total business-type activities expenses	<u>40,266,322</u>	<u>40,247,198</u>	<u>42,021,745</u>	<u>43,280,932</u>	<u>44,520,274</u>	<u>44,967,389</u>	<u>47,987,898</u>	<u>52,258,318</u>	<u>54,547,971</u>	<u>60,313,830</u>
Total primary government expenses	<u>\$ 242,375,145</u>	<u>\$ 246,627,681</u>	<u>\$ 240,476,800</u>	<u>\$ 241,572,481</u>	<u>\$ 243,443,948</u>	<u>\$ 252,317,018</u>	<u>\$ 246,523,466</u>	<u>\$ 272,046,516</u>	<u>\$ 286,871,772</u>	<u>\$ 311,788,459</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Program Revenues</b> (see Table 3)										
Governmental Activities:										
Charges for services:										
General government	\$ 521,930	\$ 529,426	\$ 533,921	\$ 675,679	\$ 586,554	\$ 582,252	\$ 828,663	\$ 851,443	\$ 870,587	\$ 857,285
Judicial	807,987	628,411	558,501	445,007	581,557	448,904	418,146	1,420,972	1,403,273	608,132
Public safety	6,566,743	5,881,973	6,432,759	6,526,492	6,249,834	6,597,181	6,613,570	8,066,769	8,564,368	8,698,251
Public works	1,310,028	1,540,998	1,291,023	1,334,424	1,826,242	2,048,826	2,912,898	3,073,903	1,065,528	1,093,956
Health and human services	2,817,336	2,837,112	3,174,813	2,967,498	2,785,781	2,853,616	2,970,167	3,436,132	4,367,759	4,588,672
Cultural and Recreational	860,612	955,311	905,158	927,578	770,955	647,351	988,256	1,032,872	1,005,368	1,024,903
Community development	1,352,602	1,120,860	1,249,908	1,913,803	1,355,950	1,238,625	1,599,327	1,703,563	1,734,572	1,854,806
Education	-	-	-	-	-	-	9,513	-	-	-
Operating Grants and Contributions	43,418,231	44,712,908	44,119,995	44,733,375	46,966,908	61,690,682	49,640,088	53,409,922	56,743,640	62,052,267
Capital Grants and Contributions	12,039,460	6,501,142	18,953,042	8,265,018	4,217,888	4,218,171	2,242,135	6,095,825	8,477,218	7,625,293
Total governmental activities program services	69,694,929	64,708,141	77,219,120	67,788,874	65,341,669	80,325,608	68,222,763	79,091,401	84,232,313	88,403,565
Business-type activities:										
Charges for services:										
Stormwater	3,209,504	3,208,044	3,212,572	3,227,746	3,265,521	3,197,089	3,495,968	3,587,623	3,867,235	4,299,036
Airport	2,446,873	2,522,138	2,470,025	2,775,975	2,533,763	2,114,485	2,635,988	2,955,151	3,247,790	3,692,116
Water	14,811,555	15,177,716	15,362,052	15,127,793	15,564,799	15,725,568	16,130,624	16,693,515	17,586,124	18,831,397
Sewer	21,264,506	22,640,530	22,635,664	23,723,563	23,231,507	24,695,077	25,879,520	28,268,219	31,133,713	31,619,700
Operating Grants and Contributions	409,592	394,959	395,048	397,320	1,119,787	2,843,139	2,876,820	2,891,383	1,942,143	363,587
Capital Grants and Contributions	7,416,609	5,326,856	5,871,418	11,794,517	12,863,845	5,797,854	8,959,209	2,623,088	5,390,622	28,276,773
Total business-type activities program revenues	49,558,639	49,270,243	49,946,779	57,046,914	58,579,222	54,373,212	59,978,129	57,018,979	63,167,627	87,082,609
Total primary government program revenues	\$ 119,253,568	\$ 113,978,384	\$ 127,165,899	\$ 124,835,788	\$ 123,920,891	\$ 134,698,820	\$ 128,200,892	\$ 136,110,380	\$ 147,399,940	\$ 175,486,174
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$ (132,413,894)	\$ (141,672,342)	\$ (121,235,935)	\$ (130,502,675)	\$ (133,582,005)	\$ (127,024,021)	\$ (130,312,805)	\$ (140,696,797)	\$ (148,091,488)	\$ (163,071,064)
Business-type Activities	9,292,317	9,023,045	7,925,034	13,765,982	14,058,948	9,405,823	11,990,231	4,760,661	8,619,656	26,768,779
Total Primary Government Net Expenses	\$ (123,121,577)	\$ (132,649,297)	\$ (113,310,901)	\$ (116,736,693)	\$ (119,523,057)	\$ (117,618,198)	\$ (118,322,574)	\$ (135,936,136)	\$ (139,471,832)	\$ (136,302,285)

(Continued)

TABLE 2

CITY OF LYNCHBURG, VIRGINIA

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property taxes	\$ 77,654,736	\$ 78,396,772	\$ 79,798,396	\$ 81,396,201	\$ 85,485,322	\$ 87,068,948	\$ 93,778,345	\$ 96,269,352	\$ 95,704,628	\$ 99,873,329
Local sales and use taxes	14,995,131	15,351,347	15,282,741	15,913,730	16,478,533	18,586,355	20,685,254	21,956,963	21,856,033	22,476,692
Meals taxes	14,188,513	14,881,552	14,097,828	14,958,842	13,540,536	15,114,569	17,916,644	19,550,773	20,105,919	20,510,770
Consumer utility taxes	4,660,389	4,569,906	4,768,971	4,673,911	4,527,250	4,581,154	4,733,521	4,452,989	4,287,295	4,550,156
Business license taxes	8,826,486	9,377,091	8,736,403	9,503,954	9,685,320	9,522,473	10,270,020	11,079,681	11,568,350	11,253,210
Communications sales and use taxes	3,282,767	3,202,076	3,101,975	2,877,715	2,812,099	2,497,779	2,424,362	2,354,000	2,212,151	2,201,390
Other taxes	6,862,577	7,137,128	7,397,005	7,745,217	6,672,235	6,897,558	8,387,255	8,529,742	6,896,111	7,027,773
Unrestricted intergovernmental	6,291,034	6,292,632	6,330,816	6,415,005	6,330,695	6,535,819	6,445,454	39,758,359	6,474,228	6,422,167
Interest	477,313	504,776	889,609	1,642,727	1,375,991	155,574	(412,442)	4,687,941	8,212,404	5,865,564
IRS interest subsidy - Build America bonds	272,975	273,563	273,856	274,884	137,736	-	-	-	-	-
Miscellaneous	1,374,166	1,164,928	1,060,093	733,225	1,028,422	859,247	960,543	1,521,111	613,007	761,805
Transfers	-	-	(135,751)	154,228	-	-	(24,000)	(7,500,000)	-	-
Gain (Loss) on sale of assets	179,924	92,377	588,918	405,627	208,605	491,312	352,256	225,996	342,940	267,651
<b>Total governmental activities</b>	<b>139,066,011</b>	<b>141,244,148</b>	<b>142,190,860</b>	<b>146,695,266</b>	<b>148,282,744</b>	<b>152,310,788</b>	<b>165,517,212</b>	<b>202,886,907</b>	<b>178,273,066</b>	<b>181,210,507</b>
Business-type activities:										
Interest	136,484	231,789	546,939	1,064,934	916,795	179,790	70,680	1,857,112	2,898,633	2,376,649
IRS interest subsidy - Build America Bonds	276,573	277,168	277,466	278,508	139,551	-	-	-	-	-
Miscellaneous	56,305	90,785	93,369	90,949	500,294	210,838	182,058	132,794	102,650	51,759
Transfers	-	-	135,751	(154,228)	-	-	24,000	7,500,000	-	-
Gain (loss) on sale of assets	6,866	6,344	47,162	15,089	78,542	13,972	11,907	21,968	51,818	51,167
<b>Total business-type activities</b>	<b>476,228</b>	<b>606,086</b>	<b>1,100,687</b>	<b>1,295,252</b>	<b>1,635,182</b>	<b>404,600</b>	<b>288,645</b>	<b>9,511,874</b>	<b>3,053,101</b>	<b>2,479,575</b>
<b>Total primary government</b>	<b>\$ 139,542,239</b>	<b>\$ 141,850,234</b>	<b>\$ 143,291,547</b>	<b>\$ 147,990,518</b>	<b>\$ 149,917,926</b>	<b>\$ 152,715,388</b>	<b>\$ 165,805,857</b>	<b>\$ 212,398,781</b>	<b>\$ 181,326,167</b>	<b>\$ 183,690,082</b>
<b>Changes in Net Position</b>										
Governmental activities	\$ 6,652,117	\$ (428,194)	\$ 20,954,925	\$ 16,192,591	\$ 14,700,739	\$ 25,286,767	\$ 35,204,407	\$ 62,190,110	\$ 30,181,578	\$ 18,139,443
Business-type activities	9,768,545	9,629,131	9,025,721	15,061,234	15,694,130	9,810,423	12,278,876	14,272,535	11,672,757	29,248,354
<b>Total primary government</b>	<b>\$ 16,420,662</b>	<b>\$ 9,200,937</b>	<b>\$ 29,980,646</b>	<b>\$ 31,253,825</b>	<b>\$ 30,394,869</b>	<b>\$ 35,097,190</b>	<b>\$ 47,483,283</b>	<b>\$ 76,462,645</b>	<b>\$ 41,854,335</b>	<b>\$ 47,387,797</b>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Function/Program</b>										
Governmental Activities:										
General government	\$ 6,315,850	\$ 852,147	\$ 14,731,586	\$ 1,296,467	\$ 990,778	\$ 2,281,911	\$ 1,488,144	\$ 1,301,317	\$ 1,429,065	\$ 1,430,729
Judicial	4,613,026	4,528,778	4,494,336	4,366,657	4,486,505	4,442,397	4,719,983	6,026,174	6,373,915	5,817,597
Public safety	12,167,299	12,562,382	12,682,717	13,101,997	13,328,228	18,895,845	13,532,229	15,036,459	16,353,422	15,931,553
Public works	18,900,766	19,394,584	17,786,121	20,888,553	17,410,171	18,586,893	17,037,159	20,506,810	21,073,622	21,190,980
Health and human services	23,708,853	24,089,638	24,012,556	23,752,553	24,828,227	25,788,088	26,464,286	28,260,751	30,761,788	35,707,646
Cultural and recreational	1,153,738	1,201,444	1,177,805	1,193,224	1,894,496	1,941,303	1,398,721	1,344,686	1,367,000	1,583,269
Community development	2,755,042	1,943,831	2,213,229	2,864,423	2,403,264	6,381,727	3,167,257	3,649,829	2,585,957	3,098,782
Education	80,355	135,337	120,770	325,000	-	2,007,444	414,984	2,965,375	4,287,544	3,643,009
Subtotal governmental activities	<u>69,694,929</u>	<u>64,708,141</u>	<u>77,219,120</u>	<u>67,788,874</u>	<u>65,341,669</u>	<u>80,325,608</u>	<u>68,222,763</u>	<u>79,091,401</u>	<u>84,232,313</u>	<u>88,403,565</u>
Business-type activities:										
Stormwater	3,484,504	3,572,102	4,042,606	3,502,746	4,096,871	3,903,728	3,861,250	3,891,437	4,142,235	4,574,036
Airport	5,163,799	5,786,943	4,913,857	5,312,847	6,696,743	9,045,487	12,151,471	7,946,535	8,452,311	10,723,155
Water	15,174,472	15,387,716	15,362,052	15,397,448	15,568,073	15,725,568	16,130,624	16,693,515	18,554,394	19,168,494
Sewer	<u>25,735,864</u>	<u>24,523,482</u>	<u>25,628,264</u>	<u>32,833,873</u>	<u>32,217,535</u>	<u>25,698,429</u>	<u>27,834,784</u>	<u>28,487,492</u>	<u>32,018,687</u>	<u>52,616,924</u>
Subtotal business-type activities	<u>49,558,639</u>	<u>49,270,243</u>	<u>49,946,779</u>	<u>57,046,914</u>	<u>58,579,222</u>	<u>54,373,212</u>	<u>59,978,129</u>	<u>57,018,979</u>	<u>63,167,627</u>	<u>87,082,609</u>
Total primary government	<u>\$ 119,253,568</u>	<u>\$ 113,978,384</u>	<u>\$ 127,165,899</u>	<u>\$ 124,835,788</u>	<u>\$ 123,920,891</u>	<u>\$ 134,698,820</u>	<u>\$ 128,200,892</u>	<u>\$ 136,110,380</u>	<u>\$ 147,399,940</u>	<u>\$ 175,486,174</u>

TABLE 4

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

(modified accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted	\$ -	\$ -	\$ 14,401,700	\$ 14,093,629	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	12,139,666	13,970,703	12,739,188	15,920,227	16,944,527	14,606,255	14,477,110	15,738,181	13,491,924	13,921,037
Assigned	5,232,752	3,838,602	8,071,697	9,083,748	10,054,580	9,693,184	9,576,402	12,516,535	21,113,223	15,307,876
Unassigned	25,589,098	27,147,729	29,197,526	29,364,685	34,579,844	49,771,343	66,394,917	68,092,249	40,362,724	47,419,842
Total General Fund	<u>\$ 42,961,516</u>	<u>\$ 44,957,034</u>	<u>\$ 64,410,111</u>	<u>\$ 68,462,289</u>	<u>\$ 61,578,951</u>	<u>\$ 74,070,782</u>	<u>\$ 90,448,429</u>	<u>\$ 96,346,965</u>	<u>\$ 74,967,871</u>	<u>\$ 76,648,755</u>
All Other Governmental Funds										
Nonspendable	\$ 300,000	\$ 250,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,879,215	2,743,988	2,929,713	3,540,436	3,232,537	3,497,836	3,300,380	2,310,836	10,020,934	7,700,014
Committed	52,840,854	33,170,926	21,141,975	17,551,255	44,853,501	35,302,180	26,581,307	79,045,260	57,203,563	36,546,845
Assigned	100,012	100,012	100,012	122,328	-	-	-	234	234	234
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 58,120,081</u>	<u>\$ 36,264,926</u>	<u>\$ 24,371,700</u>	<u>\$ 21,214,019</u>	<u>\$ 48,086,038</u>	<u>\$ 38,800,016</u>	<u>\$ 29,881,687</u>	<u>\$ 81,356,330</u>	<u>\$ 67,224,731</u>	<u>\$ 44,247,093</u>

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues</b>										
Taxes	\$ 130,022,195	\$ 132,895,836	\$ 134,835,168	\$ 137,222,286	\$ 139,065,653	\$ 144,180,960	\$ 157,712,379	\$ 164,305,615	\$ 162,175,603	\$ 167,582,648
Regulatory licenses, permits and privilege fees	1,108,694	1,071,926	1,101,285	1,106,893	1,162,650	980,572	1,266,228	1,386,510	1,429,983	1,372,142
Intergovernmental	55,070,162	55,784,306	55,565,967	57,603,524	57,356,173	71,914,607	57,937,519	99,049,715	71,341,823	75,745,105
Fines and forfeitures	570,242	505,829	406,905	363,010	323,366	319,307	263,529	301,250	376,208	337,646
Revenue from use of money and property	1,051,355	1,243,844	1,496,011	2,296,990	2,003,967	838,458	291,796	5,101,989	8,374,311	5,933,064
Charges for services	14,484,302	13,397,141	14,716,870	15,500,824	14,934,876	15,501,347	17,231,881	19,254,592	19,123,716	20,191,856
Miscellaneous	3,033,445	3,317,877	1,808,108	3,636,735	1,300,132	1,323,168	1,316,965	1,965,807	1,380,178	1,302,251
<b>Total revenues</b>	<b>205,340,395</b>	<b>208,216,759</b>	<b>209,930,314</b>	<b>217,730,262</b>	<b>216,146,817</b>	<b>235,058,419</b>	<b>236,020,297</b>	<b>291,365,478</b>	<b>264,201,822</b>	<b>272,464,712</b>
<b>Expenditures</b>										
General government	16,255,049	16,987,863	17,359,357	16,547,404	17,235,539	18,747,740	18,121,052	20,360,967	19,691,265	23,067,625
Judicial	5,654,176	6,042,746	6,201,171	6,326,561	6,295,896	6,491,200	6,922,706	7,269,495	8,274,198	8,742,298
Public Safety	48,233,548	49,659,468	50,284,130	51,881,221	51,550,558	52,351,968	54,518,372	63,787,826	73,254,795	74,653,735
Public Works	19,790,108	20,593,526	20,211,943	21,227,308	20,678,139	18,739,719	20,944,237	23,881,442	24,135,587	25,993,681
Health and human services	28,554,889	28,892,687	28,900,411	28,731,703	31,511,665	31,869,858	32,012,799	35,097,151	38,907,445	43,168,216
Cultural and recreational	8,928,603	9,623,473	8,910,592	9,428,732	9,079,179	9,830,865	10,636,191	11,493,956	13,562,113	13,262,165
Community development	7,623,841	5,995,399	6,385,505	6,578,169	6,413,185	9,040,985	6,885,262	7,735,839	7,717,863	9,236,566
Education	42,897,772	43,216,739	39,017,813	38,318,576	37,423,267	42,161,777	39,140,844	40,972,185	41,757,835	38,351,797
Capital Outlay										
Capital general government (1)	56,618,269	29,017,350	19,728,578	21,053,810	21,721,700	26,541,658	25,332,880	32,961,878	56,419,613	47,041,925
Debt Services										
Principal Retirement	10,134,827	10,972,265	10,678,219	11,719,848	17,285,515	11,258,024	11,285,733	19,510,421	12,243,729	10,907,610
Interest payments and other fiscal charges	7,306,428	7,324,880	7,407,067	7,390,213	6,517,496	6,660,521	6,471,676	6,131,640	5,794,432	7,264,918
Issuance costs	268,267	-	346,067	-	744,889	118,668	-	314,600	570,853	-
<b>Total expenditures</b>	<b>252,265,777</b>	<b>228,326,396</b>	<b>215,430,853</b>	<b>219,203,545</b>	<b>226,457,028</b>	<b>233,812,983</b>	<b>232,271,752</b>	<b>269,517,400</b>	<b>302,329,728</b>	<b>301,690,536</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(46,925,382)</b>	<b>(20,109,637)</b>	<b>(5,500,539)</b>	<b>(1,473,283)</b>	<b>(10,310,211)</b>	<b>1,245,436</b>	<b>3,748,545</b>	<b>21,848,078</b>	<b>(38,127,906)</b>	<b>(29,225,824)</b>
<b>Other financing sources (uses)</b>										
Proceeds from debt issues	15,680,000	-	182,562	2,274,450	40,931,365	2,330,131	1,553,482	42,313,228	7,952,880	8,466,997
Premium on debt proceeds	1,505,630	-	-	-	3,691,148	-	-	3,591,482	-	-
Issuance of refunding bonds	7,243,402	-	15,221,555	-	-	9,196,740	-	-	57,787,236	-
Premium on refunding debt issuance	909,464	-	1,700,762	-	-	2,018,070	-	-	5,620,150	-
Payments to escrow agent	(8,065,760)	-	(2,160,352)	-	(13,850,000)	(9,358,669)	-	-	(62,991,738)	-
Refunded bond principal payments	-	-	-	-	-	(1,733,158)	-	-	-	-
Lease financing	-	-	-	-	-	-	2,801,592	104,333	180,834	259,023
Transfers in	15,442,682	6,456,092	4,746,481	7,642,818	7,345,416	7,465,685	9,806,494	37,660,172	21,854,730	9,631,442
Transfers out	(16,205,463)	(6,206,092)	(6,630,618)	(7,549,488)	(7,819,037)	(7,958,426)	(10,450,795)	(48,144,114)	(27,786,879)	(10,428,392)
<b>Total other financing sources (uses)</b>	<b>16,509,955</b>	<b>250,000</b>	<b>13,060,390</b>	<b>2,367,780</b>	<b>30,298,892</b>	<b>1,960,373</b>	<b>3,710,773</b>	<b>35,525,101</b>	<b>2,617,213</b>	<b>7,929,070</b>
<b>Net change in fund balances</b>	<b>\$ (30,415,427)</b>	<b>\$ (19,859,637)</b>	<b>\$ 7,559,851</b>	<b>\$ 894,497</b>	<b>\$ 19,988,681</b>	<b>\$ 3,205,809</b>	<b>\$ 7,459,318</b>	<b>\$ 57,373,179</b>	<b>\$ (35,510,693)</b>	<b>\$ (21,296,754)</b>
Debt Service as a percentage of noncapital expenditures (2)	8.91%	9.18%	9.24%	9.64%	11.63%	8.64%	8.58%	10.84%	7.34%	7.14%

(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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues:</b>										
Taxes	\$ 130,022,195	\$ 132,895,836	\$ 134,835,168	\$ 137,222,286	\$ 139,065,653	\$ 144,180,960	\$ 157,712,379	\$ 164,305,615	\$ 162,175,603	\$ 167,582,648
Regulatory licenses, permits, and privilege fees	1,108,694	1,071,926	1,101,285	1,106,893	1,162,650	980,572	1,266,228	1,386,510	1,429,983	1,372,142
Intergovernmental	36,644,986	37,432,488	36,917,105	37,433,967	38,090,501	38,592,078	39,843,467	74,208,652	41,812,327	43,910,635
Fines & forfeitures	570,242	505,829	406,905	363,010	323,366	319,307	263,529	301,250	376,208	337,646
Revenues from use of money & property	916,257	1,125,893	1,434,901	2,213,643	1,908,132	753,752	242,292	4,414,051	7,336,019	5,635,629
Charges for services	10,356,244	9,938,717	10,743,235	10,970,514	11,168,427	11,334,318	13,025,106	14,462,495	12,949,673	13,944,376
Miscellaneous	1,234,853	1,050,756	1,380,263	781,049	1,052,246	821,512	835,869	1,177,840	631,740	623,915
<b>Total revenues</b>	<b>180,853,471</b>	<b>184,021,445</b>	<b>186,818,862</b>	<b>190,091,362</b>	<b>192,770,975</b>	<b>196,982,499</b>	<b>213,188,870</b>	<b>260,256,413</b>	<b>226,711,553</b>	<b>233,406,991</b>
<b>Expenditures:</b>										
<b>Current operating expenditures:</b>										
General government	16,490,338	17,106,909	17,389,996	16,893,676	17,521,050	17,925,675	17,896,501	20,969,644	19,782,932	23,202,230
Judicial	4,788,676	4,832,773	5,032,655	5,088,929	5,176,741	5,255,436	5,516,524	5,754,828	6,595,336	7,061,561
Public safety	44,391,282	45,274,306	46,414,215	47,769,024	47,642,493	42,690,099	50,078,262	59,250,368	67,701,519	69,573,956
Public works	16,009,423	16,364,853	15,920,299	17,926,578	16,707,843	17,156,557	17,428,616	21,119,869	21,528,506	22,742,583
Health and human services	21,018,515	21,401,062	21,441,064	21,133,854	22,938,513	22,746,911	23,106,733	24,632,938	26,833,708	27,795,338
Cultural & recreational	8,394,652	9,034,143	8,825,071	9,320,532	8,906,758	8,926,841	9,925,705	11,321,205	12,241,117	12,506,709
Community development	4,590,547	3,804,380	4,817,967	5,041,335	4,905,846	3,462,940	4,867,147	5,220,220	6,392,162	6,411,247
Education	42,691,567	42,943,004	38,894,037	38,257,161	37,411,557	40,002,658	39,128,643	40,787,588	41,195,985	37,042,445
<b>Capital outlay:</b>										
Capital general government	-	-	649,712	37,309	12,102	810,907	3,597,518	139,091	185,502	250,776
<b>Debt service:</b>										
Principal retirements	9,837,962	10,683,800	10,416,914	10,649,783	17,254,960	11,250,149	11,276,319	19,500,638	12,234,921	10,899,189
Interest payments and other fiscal charges	7,281,382	7,294,605	7,380,164	7,321,643	6,514,725	6,658,383	6,468,169	6,128,493	5,791,659	7,262,457
Issuance costs	171,746	-	346,067	-	374,779	118,505	-	230,542	570,853	-
<b>Total expenditures</b>	<b>175,666,090</b>	<b>178,739,835</b>	<b>177,528,161</b>	<b>179,439,824</b>	<b>185,367,367</b>	<b>177,005,061</b>	<b>189,290,137</b>	<b>215,055,424</b>	<b>221,054,200</b>	<b>224,748,491</b>
<b>Excess of revenues over expenditures</b>	<b>5,187,381</b>	<b>5,281,610</b>	<b>9,290,701</b>	<b>10,651,538</b>	<b>7,403,608</b>	<b>19,977,438</b>	<b>23,898,733</b>	<b>45,200,989</b>	<b>5,657,353</b>	<b>8,658,500</b>
<b>Other financing sources (uses):</b>										
Issuance of bonds	83,298	-	103,342	-	6,138,453	-	-	7,925,739	153,950	-
Premium on debt proceeds	-	-	1,700,762	-	593,822	-	-	726,179	-	-
Issuance of refunding bonds	8,152,866	-	15,221,555	-	-	9,124,115	-	-	57,787,236	-
Premium on refunding debt issuance	-	-	-	-	-	2,002,105	-	-	5,620,150	-
Refunded bond principal payments	-	-	-	-	-	(1,644,732)	-	-	-	-
Payments to escrow agent	(8,065,760)	-	(2,160,352)	-	(13,850,000)	(9,358,669)	-	-	(62,991,738)	-
Lease financing	-	-	-	-	-	-	2,794,413	104,333	180,834	250,776
Transfers in	366,572	1,585,000	252,397	643,814	274,908	175,000	65,000	25,000	-	1,600,000
Transfers out	(15,773,891)	(4,871,092)	(4,955,328)	(7,243,174)	(7,444,129)	(7,783,426)	(10,380,499)	(48,083,704)	(27,786,879)	(8,828,392)
<b>Total other financing sources (uses)</b>	<b>(15,236,915)</b>	<b>(3,286,092)</b>	<b>10,162,376</b>	<b>(6,599,360)</b>	<b>(14,286,946)</b>	<b>(7,485,607)</b>	<b>(7,521,086)</b>	<b>(39,302,453)</b>	<b>(27,036,447)</b>	<b>(6,977,616)</b>
<b>Net changes in fund balances</b>	<b>(10,049,534)</b>	<b>1,995,518</b>	<b>19,453,077</b>	<b>4,052,178</b>	<b>(6,883,338)</b>	<b>12,491,831</b>	<b>16,377,647</b>	<b>5,898,536</b>	<b>(21,379,094)</b>	<b>1,680,884</b>
<b>Fund balance - beginning</b>	<b>53,011,050</b>	<b>42,961,516</b>	<b>44,957,034</b>	<b>64,410,111</b>	<b>68,462,289</b>	<b>61,578,951</b>	<b>74,070,782</b>	<b>90,448,429</b>	<b>96,346,965</b>	<b>74,967,871</b>
<b>Fund balance - ending</b>	<b>\$ 42,961,516</b>	<b>\$ 44,957,034</b>	<b>\$ 64,410,111</b>	<b>\$ 68,462,289</b>	<b>\$ 61,578,951</b>	<b>\$ 74,070,782</b>	<b>\$ 90,448,429</b>	<b>\$ 96,346,965</b>	<b>\$ 74,967,871</b>	<b>\$ 76,648,755</b>

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenues:</b>										
Intergovernmental	\$ 89,797,227	\$ 93,028,379	\$ 90,439,558	\$ 91,790,234	\$ 90,816,094	\$ 99,931,412	\$ 98,783,518	\$ 106,515,754	\$ 109,347,316	\$ 109,709,169
Revenue from use of money & property	-	-	-	-	-	-	-	-	-	-
Charges for services	1,491,359	1,820,727	1,640,533	1,723,917	2,706,961	464,205	510,448	492,565	399,864	486,136
Miscellaneous	1,365,368	412,650	632,056	803,639	1,432,973	321,090	1,022,427	1,429,395	1,305,091	567,463
<b>Total revenues</b>	<b>92,653,954</b>	<b>95,261,756</b>	<b>92,712,147</b>	<b>94,317,790</b>	<b>94,956,028</b>	<b>100,716,707</b>	<b>100,316,393</b>	<b>108,437,714</b>	<b>111,052,271</b>	<b>110,762,768</b>
<b>Expenditures:</b>										
Education:										
Instruction	65,839,840	68,909,218	67,276,868	66,430,018	68,039,938	68,140,244	68,296,053	70,472,281	78,109,660	77,693,560
Administration, attendance, and health	5,426,428	5,717,931	6,376,477	5,675,250	5,953,847	7,208,116	7,983,324	9,239,258	7,564,310	8,007,338
Pupil transportation services	4,762,678	5,016,591	5,335,508	5,668,771	5,322,011	4,302,460	5,659,041	6,840,626	5,896,309	6,739,110
Operations and maintenance	10,485,381	10,157,853	10,296,919	10,899,422	10,554,930	10,945,726	11,539,043	12,758,198	13,124,602	13,386,601
Food service and other	21,358	12,153	16,691	15,344	8,986	30,194	19,510	18,155	1,093	81,532
Facilities	14,825	20,758	26,138	20,959	18,434	175	2,288	2,751	9,686	26,096
Technology	3,230,426	3,034,004	3,060,199	3,104,473	3,748,479	6,280,494	5,940,881	7,536,584	9,150,568	2,830,744
Capital outlay	2,813,555	1,147,768	1,445,076	1,759,244	1,070,693	2,740,740	1,690,511	771,916	1,121,496	508,060
Debt service:										
Principal retirements	-	-	-	-	-	-	-	-	3,008,548	3,552,852
Interest payments	-	-	-	-	-	-	-	-	2,588	42,164
<b>Total expenditures</b>	<b>92,594,491</b>	<b>94,016,276</b>	<b>93,833,876</b>	<b>93,573,481</b>	<b>94,717,318</b>	<b>99,648,149</b>	<b>101,130,651</b>	<b>107,639,769</b>	<b>117,988,860</b>	<b>112,868,057</b>
<b>Excess (deficiency) of revenues over expenditure</b>	<b>59,463</b>	<b>1,245,480</b>	<b>(1,121,729)</b>	<b>744,309</b>	<b>238,710</b>	<b>1,068,558</b>	<b>(814,258)</b>	<b>797,945</b>	<b>(6,936,589)</b>	<b>(2,105,289)</b>
<b>Other financing sources (uses):</b>										
Issuance of subscription liability	-	-	-	-	-	-	-	-	6,068,069	864,454
Transfers in (out)	-	-	-	-	-	(229,754)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(229,754)</b>	<b>-</b>	<b>-</b>	<b>6,068,069</b>	<b>864,454</b>
<b>Net change in fund balances</b>	<b>59,463</b>	<b>1,245,480</b>	<b>(1,121,729)</b>	<b>744,309</b>	<b>238,710</b>	<b>838,804</b>	<b>(814,258)</b>	<b>797,945</b>	<b>(868,520)</b>	<b>(1,240,835)</b>
<b>Fund balance - beginning</b>	<b>456,034</b>	<b>515,497</b>	<b>1,760,977</b>	<b>639,248</b>	<b>1,383,557</b>	<b>1,622,267</b>	<b>2,461,071</b>	<b>1,646,813</b>	<b>2,444,758</b>	<b>1,576,238</b>
<b>Fund balance - ending</b>	<b>\$ 515,497</b>	<b>\$ 1,760,977</b>	<b>\$ 639,248</b>	<b>\$ 1,383,557</b>	<b>\$ 1,622,267</b>	<b>\$ 2,461,071</b>	<b>\$ 1,646,813</b>	<b>\$ 2,444,758</b>	<b>\$ 1,576,238</b>	<b>\$ 335,403</b>

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Operating revenues:</b>										
Charges for services and other operating revenues	\$ 14,811,555	\$ 15,177,716	\$ 15,362,052	\$ 15,127,793	\$ 15,564,799	\$ 15,725,568	\$ 16,130,624	\$ 16,693,515	\$ 17,586,124	\$ 18,831,397
Total operating revenues	14,811,555	15,177,716	15,362,052	15,127,793	15,564,799	15,725,568	16,130,624	16,693,515	17,586,124	18,831,397
<b>Operating expenses:</b>										
Personal services and benefits	5,061,596	5,173,210	4,779,528	5,076,126	5,960,956	5,896,481	4,804,038	6,110,702	5,968,160	7,710,144
Operation and maintenance	1,788,171	945,920	1,750,445	1,301,725	1,269,534	1,272,141	1,873,850	1,670,452	2,477,060	1,867,804
Supplies and materials	1,229,613	1,378,106	1,435,848	1,362,100	1,210,432	973,583	1,152,654	1,379,085	1,739,200	1,661,864
Administration	1,335,499	1,196,167	1,431,196	1,550,316	1,610,286	1,576,052	1,532,789	1,619,864	1,770,389	2,011,337
Other charges	87,808	90,180	86,149	89,138	93,493	87,911	121,944	157,830	145,501	142,748
Depreciation	2,916,684	3,048,763	3,116,981	3,231,814	3,225,638	3,278,090	3,402,047	3,471,402	3,435,275	3,725,773
Total operating expenses	12,419,371	11,832,346	12,600,147	12,611,219	13,370,339	13,084,258	12,887,322	14,409,335	15,535,585	17,119,670
<b>Operating income</b>	2,392,184	3,345,370	2,761,905	2,516,574	2,194,460	2,641,310	3,243,302	2,284,180	2,050,539	1,711,727
<b>Nonoperating revenues (expenses):</b>										
Interest income	41,904	75,939	229,606	501,029	435,285	82,440	(14,082)	441,444	551,004	414,309
Miscellaneous	1,028	1,131	1,001	33,101	220,157	154,952	70,140	32,801	21,214	6,156
Gain (loss) on disposition of assets	6,128	5,172	18,282	5,798	9,621	7,877	10,313	11,640	(10,909)	50,232
Interest on long-term debt	(1,971,229)	(1,911,073)	(2,204,019)	(2,208,099)	(1,663,343)	(1,138,518)	(1,400,233)	(1,716,158)	(907,473)	(2,015,547)
IRS interest subsidy - Build America Bonds	233,860	234,363	234,615	235,496	117,999	-	-	-	-	-
Total nonoperating revenues (expenses)	(1,688,309)	(1,594,468)	(1,720,515)	(1,432,675)	(880,281)	(893,249)	(1,333,862)	(1,230,273)	(346,164)	(1,544,850)
<b>Income before contributions and transfers</b>	703,875	1,750,902	1,041,390	1,083,899	1,314,179	1,748,061	1,909,440	1,053,907	1,704,375	166,877
Capital contributions	362,917	210,000	-	269,655	3,274	-	-	-	968,270	337,097
Transfers in	-	-	67,298	93,215	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(48,494)	(63,463)	(12,631)	(15,626)	-
<b>Change in net position</b>	1,066,792	1,960,902	1,108,688	1,446,769	1,317,453	1,699,567	1,845,977	1,041,276	2,657,019	503,974
<b>Total net position - beginning, as restated (1)</b>	33,242,019	34,308,811	29,985,889	31,094,577	32,541,346	33,858,799	35,558,366	37,404,343	38,445,619	41,102,638
<b>Ending net position:</b>										
Net investment in capital assets	27,610,452	29,430,618	29,134,568	30,347,378	31,506,001	34,204,364	35,416,138	36,420,501	39,333,435	40,072,778
Unrestricted	6,698,359	6,839,095	1,960,009	2,193,968	2,352,798	1,354,002	1,988,205	2,025,118	1,769,203	1,533,834
<b>Total net position - ending</b>	\$ 34,308,811	\$ 36,269,713	\$ 31,094,577	\$ 32,541,346	\$ 33,858,799	\$ 35,558,366	\$ 37,404,343	\$ 38,445,619	\$ 41,102,638	\$ 41,606,612

(1) 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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Operating revenues:</b>										
Charges for services and other operating revenues	\$ 21,264,506	\$ 22,640,530	\$ 22,635,664	\$ 23,723,563	\$ 23,231,507	\$ 24,695,077	\$ 25,879,520	\$ 28,268,219	\$ 31,133,713	\$ 31,619,700
Total operating revenues	21,264,506	22,640,530	22,635,664	23,723,563	23,231,507	24,695,077	25,879,520	28,268,219	31,133,713	31,619,700
<b>Operating expenses:</b>										
Personal services and benefits	3,390,178	3,424,756	3,274,735	3,355,976	3,365,150	3,633,749	3,297,274	4,209,082	4,605,872	5,278,502
Operation and maintenance	2,906,172	3,071,702	3,533,634	3,636,697	3,649,979	4,062,291	4,288,688	4,481,546	4,962,643	5,130,159
Supplies and materials	1,489,227	1,562,481	1,386,495	1,661,637	1,738,027	2,098,779	2,322,572	2,954,211	2,955,880	3,357,548
Administration	2,341,346	2,316,721	2,467,815	2,580,626	2,802,473	3,191,245	3,169,432	3,376,388	3,943,232	4,735,364
Other charges	51,118	106,560	74,387	66,021	69,826	111,934	106,719	250,166	192,206	143,094
Depreciation	7,635,836	7,888,946	7,898,587	8,037,676	8,131,718	8,434,452	10,441,598	10,554,426	10,565,850	10,791,442
Total operating expenses	17,813,877	18,371,166	18,635,653	19,338,633	19,757,173	21,532,450	23,626,283	25,825,819	27,225,683	29,436,109
<b>Operating income</b>	<b>3,450,629</b>	<b>4,269,364</b>	<b>4,000,011</b>	<b>4,384,930</b>	<b>3,474,334</b>	<b>3,162,627</b>	<b>2,253,237</b>	<b>2,442,400</b>	<b>3,908,030</b>	<b>2,183,591</b>
<b>Nonoperating revenues (expenses):</b>										
Interest income	85,086	124,705	241,852	409,567	350,086	79,817	49,315	774,628	1,326,274	1,152,123
Governmental grants	-	219	-	-	-	-	-	-	-	-
Miscellaneous	11,821	19,605	47,687	47,717	270,958	53,235	100,365	87,420	61,223	9,252
Gain (loss) on disposition of assets	738	1,172	16,393	2,259	(175,771)	(213,716)	1,594	(62,149)	851	(5,105)
Interest on long-term debt	(1,129,426)	(985,817)	(1,068,072)	(1,077,985)	(1,119,367)	(585,733)	(901,840)	(1,154,335)	(913,379)	(1,260,732)
IRS interest subsidy - Build America Bonds	42,713	42,805	42,851	43,012	21,552	-	-	-	-	-
Total nonoperating revenues (expenses)	(989,068)	(797,311)	(719,289)	(575,430)	(652,542)	(666,397)	(750,566)	(354,436)	474,969	(104,462)
<b>Income before contributions and transfers</b>	<b>2,461,561</b>	<b>3,472,053</b>	<b>3,280,722</b>	<b>3,809,500</b>	<b>2,821,792</b>	<b>2,496,230</b>	<b>1,502,671</b>	<b>2,087,964</b>	<b>4,382,999</b>	<b>2,079,129</b>
Capital contributions	4,471,358	1,882,733	2,992,600	9,110,310	8,986,028	1,003,352	1,955,264	219,273	884,974	20,997,224
Transfers in	126,734	-	50,729	64,082	-	48,494	87,463	7,512,631	15,626	-
<b>Change in net position</b>	<b>7,059,653</b>	<b>5,354,786</b>	<b>6,324,051</b>	<b>12,983,892</b>	<b>11,807,820</b>	<b>3,548,076</b>	<b>3,545,398</b>	<b>9,819,868</b>	<b>5,283,599</b>	<b>23,076,353</b>
<b>Total net position - beginning, as restated (1)</b>	<b>146,039,570</b>	<b>153,099,223</b>	<b>154,135,205</b>	<b>160,459,256</b>	<b>173,443,148</b>	<b>185,250,968</b>	<b>188,799,044</b>	<b>192,344,442</b>	<b>202,164,310</b>	<b>207,447,909</b>
<b>Ending net position:</b>										
Net investment in capital assets	144,934,435	148,010,757	154,280,143	164,363,686	177,570,472	174,740,303	177,500,410	180,993,177	187,569,934	211,352,517
Unrestricted	8,164,788	10,443,252	6,179,113	9,079,462	7,680,496	14,058,741	14,844,032	21,171,133	19,877,975	19,171,745
<b>Total net position - ending</b>	<b>\$ 153,099,223</b>	<b>\$ 158,454,009</b>	<b>\$ 160,459,256</b>	<b>\$ 173,443,148</b>	<b>\$ 185,250,968</b>	<b>\$ 188,799,044</b>	<b>\$ 192,344,442</b>	<b>\$ 202,164,310</b>	<b>\$ 207,447,909</b>	<b>\$ 230,524,262</b>

(1) Total net position - beginning, was restated as of June 30, 2017. See Note 25, City of Lynchburg's Annual Comprehensive Financial Report for FY 2018 for an explanation.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Operating revenues:</b>										
Charges for services and other operating revenues	\$ 3,209,504	\$ 3,208,044	\$ 3,212,572	\$ 3,227,746	\$ 3,265,521	\$ 3,197,089	\$ 3,495,968	\$ 3,587,623	\$ 3,867,235	\$ 4,299,036
Intergovernmental	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000
Total operating revenues	3,484,504	3,483,044	3,487,572	3,502,746	3,540,521	3,472,089	3,770,968	3,862,623	4,142,235	4,574,036
<b>Operating expenses:</b>										
Personal services and benefits	446,320	651,860	531,569	673,639	680,361	554,455	781,650	627,178	835,558	919,431
Operation and maintenance	285,560	327,657	451,961	511,138	418,487	369,085	563,868	581,585	762,956	631,260
Supplies and materials	136,741	131,321	127,008	168,543	186,793	152,042	160,879	177,890	163,695	134,383
Administration	1,353,809	1,160,256	1,576,573	1,528,109	1,767,225	1,805,945	1,792,075	1,911,548	1,722,443	1,858,992
Other charges	5,289	16,864	23,538	16,045	11,939	21,071	20,455	19,945	24,326	21,651
Depreciation	67,558	76,239	142,092	275,261	295,876	419,151	456,956	400,339	442,271	516,308
Total operating expenses	2,295,277	2,364,197	2,852,741	3,172,735	3,360,681	3,321,749	3,775,883	3,718,485	3,951,249	4,082,025
<b>Operating income</b>	1,189,227	1,118,847	634,831	330,011	179,840	150,340	(4,915)	144,138	190,986	492,011
<b>Nonoperating revenue:</b>										
Interest Income	1,213	9,477	31,120	60,794	39,235	5,873	3,223	128,896	182,282	129,973
Governmental Grants	-	-	-	-	-	9,822	21,311	28,814	-	-
Miscellaneous	23,452	2	491	-	3,203	(19,583)	(14)	-	552	-
Gain (loss) on disposition of assets	-	-	-	-	-	-	-	(9,041)	-	-
Interest on long-term debt	-	-	(4,672)	(106)	(37,254)	(20,751)	(29,871)	(166,071)	(232,487)	(252,095)
Total nonoperating revenue	24,665	9,479	26,939	60,688	5,184	(24,639)	(5,351)	(17,402)	(49,653)	(122,122)
<b>Income before contributions and transfers</b>	1,213,892	1,128,326	661,770	390,699	185,024	125,701	(10,266)	126,736	141,333	369,889
Capital contributions	-	89,058	555,034	-	556,350	421,817	68,971	-	-	-
Transfers in	-	-	8,593	9,543	-	-	-	-	-	-
Transfers out	(126,734)	-	(4,215)	(337,500)	-	-	-	-	-	-
<b>Change in net position</b>	1,087,158	1,217,384	1,221,182	62,742	741,374	547,518	58,705	126,736	141,333	369,889
<b>Total net position - beginning, as restated (1)</b>	3,764,064	4,851,222	5,656,260	6,877,442	6,940,184	7,681,558	8,229,076	8,287,781	8,414,517	8,555,850
<b>Ending net position:</b>										
Net investment in capital assets	2,484,986	3,950,070	4,336,742	4,894,032	6,496,175	6,717,478	6,546,769	6,831,579	6,326,276	6,721,848
Unrestricted	2,366,236	2,118,536	2,540,700	2,046,152	1,185,383	1,511,598	1,741,012	1,582,938	2,229,574	2,203,891
<b>Total net position - ending</b>	\$ 4,851,222	\$ 6,068,606	\$ 6,877,442	\$ 6,940,184	\$ 7,681,558	\$ 8,229,076	\$ 8,287,781	\$ 8,414,517	\$ 8,555,850	\$ 8,925,739

(1) 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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Operating revenues:</b>										
Charges for services and other operating revenues	\$ 2,446,873	\$ 2,522,138	\$ 2,470,025	\$ 2,775,975	\$ 2,533,763	\$ 2,114,485	\$ 2,635,988	\$ 2,955,151	\$ 3,247,790	\$ 3,692,116
Intergovernmental	134,592	119,740	120,048	122,320	844,787	2,558,317	2,580,509	2,587,569	1,667,143	88,587
Total operating revenues	2,581,465	2,641,878	2,590,073	2,898,295	3,378,550	4,672,802	5,216,497	5,542,720	4,914,933	3,780,703
<b>Operating expenses: (1)</b>										
Personal services and benefits	1,018,464	1,058,236	1,097,115	1,151,858	1,199,829	980,321	951,481	885,798	1,141,699	1,180,310
Operation and maintenance	1,011,546	1,134,897	965,901	1,064,812	1,281,301	1,658,459	2,013,978	1,909,294	1,797,579	1,890,030
Supplies and materials	137,041	141,930	114,948	145,406	53,306	183,642	192,569	184,840	280,108	304,895
Administration	235,287	258,123	272,997	300,143	282,978	260,306	336,678	316,815	335,188	323,203
Other charges	20,637	27,399	29,752	31,762	28,466	28,242	28,254	39,716	54,701	34,774
Depreciation	2,141,357	2,145,813	2,240,282	2,284,681	2,247,024	2,179,385	2,050,505	2,100,784	2,349,848	2,630,774
Total operating expenses	4,564,332	4,766,398	4,720,995	4,978,662	5,092,904	5,290,355	5,573,465	5,437,247	5,959,123	6,363,986
<b>Operating loss</b>	(1,982,867)	(2,124,520)	(2,130,922)	(2,080,367)	(1,714,354)	(617,553)	(356,968)	105,473	(1,044,190)	(2,583,283)
<b>Nonoperating revenues (expenses):</b>										
Interest income	8,281	21,668	44,361	93,544	92,189	11,660	32,224	512,144	839,073	680,244
Miscellaneous	20,004	70,047	44,190	10,131	5,976	22,234	11,567	12,573	19,661	36,351
Gain (Loss) on disposition of assets	-	-	12,487	7,032	421	-	-	-	-	-
Interest on long-term debt	(27,422)	(24,752)	(11,781)	(38,239)	(33,252)	(30,048)	(26,675)	(40,217)	(44,466)	(53,969)
Total nonoperating revenues (expenses)	863	66,963	89,257	72,468	65,334	3,846	17,116	484,500	814,268	662,626
<b>Income (loss) before contributions and transfers</b>	(1,982,004)	(2,057,557)	(2,041,665)	(2,007,899)	(1,649,020)	(613,707)	(339,852)	589,973	(229,922)	(1,920,657)
Capital contributions	2,264,831	2,824,123	1,985,329	2,054,429	2,992,979	4,139,246	6,632,385	2,105,501	3,229,342	6,624,383
Passenger facility charges (1)	317,503	320,942	338,455	360,123	325,214	233,439	302,589	298,314	308,036	318,069
Transfers in	-	-	13,346	16,432	-	-	-	-	-	-
<b>Change in net position</b>	600,330	1,087,508	295,465	423,085	1,669,173	3,758,978	6,595,122	2,993,788	3,307,456	5,021,795
<b>Total net position - beginning, as restated (2)</b>	37,077,768	37,678,098	37,858,123	38,153,588	38,576,673	40,245,846	44,004,824	50,599,946	53,593,734	56,901,190
<b>Ending net position:</b>										
Net investment in capital assets	34,496,749	37,058,108	37,141,375	35,473,699	35,181,514	35,326,409	39,502,497	39,323,321	44,489,284	48,725,190
Restricted	3,478	108,833	46,465	3,621	53,350	53,539	51,547	28,545	33,014	47,652
Unrestricted	3,177,871	1,598,665	965,748	3,099,353	5,010,982	8,624,876	11,045,902	14,241,868	12,378,892	13,150,143
<b>Total net position - ending</b>	\$ 37,678,098	\$ 38,765,606	\$ 38,153,588	\$ 38,576,673	\$ 40,245,846	\$ 44,004,824	\$ 50,599,946	\$ 53,593,734	\$ 56,901,190	\$ 61,922,985

(1) Beginning in FY 2013, Passenger facility charges are reported with capital contributions and transfers.

(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.

**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS,  
LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Real Estate	\$ 55,825,934	\$ 56,473,104	\$ 56,927,450	\$ 57,541,054	\$ 60,268,655	\$ 61,597,048	\$ 66,268,468	\$ 67,170,299	\$ 65,307,644	\$ 67,137,997
PSC Taxes	2,371,493	2,419,023	2,522,219	2,596,128	2,608,746	2,738,081	2,652,828	2,776,319	2,318,407	2,889,722
Personal Property Tax	18,390,620	18,747,247	19,635,406	20,347,254	21,556,547	21,619,044	23,456,075	25,019,655	26,479,544	27,892,980
Penalties & Interest	1,198,049	1,385,475	1,275,152	1,218,007	1,154,905	1,236,751	1,269,376	1,586,477	1,547,024	1,705,664
Sales & Use Tax	14,995,131	15,351,346	15,282,741	15,913,730	16,478,533	18,586,355	20,685,254	21,956,963	21,856,033	22,476,692
Utility Tax	4,660,389	4,569,906	4,768,971	4,673,597	4,527,034	4,581,154	4,733,518	4,452,987	4,287,277	4,550,156
Business License Tax	8,464,009	9,258,208	9,095,288	9,398,263	9,553,844	9,294,844	10,049,251	11,058,315	11,054,355	11,302,241
Franchise License Tax	10,100	500	-	-	-	-	-	-	-	-
Communication Sales & Use Tax	3,282,767	3,202,076	3,101,975	2,877,715	2,812,099	2,497,779	2,424,362	2,354,000	2,212,151	2,201,389
Motor Vehicle Licenses	1,722,007	1,764,571	1,765,907	1,800,426	1,863,819	1,760,977	1,792,935	1,791,784	343,574	45,942
Bank Stock Taxes	836,320	834,986	829,988	953,307	519,806	870,383	955,810	950,835	1,022,239	1,098,765
Taxes on Recordation and Wills	504,432	614,673	629,846	694,483	699,608	1,015,647	1,177,889	939,214	886,239	911,752
Tobacco Taxes	900,484	903,846	870,084	846,122	840,871	786,583	796,786	698,822	680,904	618,946
Admission and Amusement Taxes	678,870	762,657	847,388	820,805	624,430	302,249	756,599	854,490	869,359	967,539
Hotel and Motel Room Taxes	2,100,391	2,226,551	2,583,241	2,648,042	2,100,355	2,180,981	2,856,364	3,274,962	3,446,130	3,446,001
Restaurant Food Taxes	14,081,199	14,381,667	14,699,512	14,893,353	13,456,401	15,113,084	17,836,864	19,420,493	19,864,723	20,336,862
<b>Total General Government Tax Revenues</b>	<b>\$ 130,022,195</b>	<b>\$ 132,895,836</b>	<b>\$ 134,835,168</b>	<b>\$ 137,222,286</b>	<b>\$ 139,065,653</b>	<b>\$ 144,180,960</b>	<b>\$ 157,712,379</b>	<b>\$ 164,305,615</b>	<b>\$ 162,175,603</b>	<b>\$ 167,582,648</b>

Source: Chief Financial Officer, City of Lynchburg, Virginia.

**ASSESSED VALUE OF TAXABLE REAL PROPERTY,  
LAST TEN FISCAL YEARS (1)**  
(in thousands of dollars)

<b>Fiscal Year</b>	<b>Residential Property (3)</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Total Taxable Assessed Value (2) (4)</b>	<b>Direct Tax Rate</b>
2016	\$ 3,390,055,000	\$ 1,389,314,800	\$ 363,880,000.0	\$ 5,143,249,800	1.11
2017	3,423,589,300	1,390,021,400	364,384,400	5,177,995,100	1.11
2018	3,467,846,600	1,399,035,700	362,582,700	5,229,465,000	1.11
2019	3,512,791,000	1,432,349,600	361,962,900	5,307,103,500	1.11
2020	3,717,218,400	1,521,718,300	366,725,000	5,605,661,700	1.11
2021	3,782,129,600	1,553,299,400	361,477,100	5,696,906,100	1.11
2022	4,196,685,300	1,580,567,000	389,675,400	6,166,927,700	1.11
2023	4,265,721,000	1,582,592,700	399,719,100	6,248,032,800	1.11
2024	5,362,079,900	1,744,948,500	482,424,200	7,589,452,600	0.89
2025	5,522,167,900	1,772,110,600	493,355,600	7,787,634,100	0.89

Source: Real Estate Assessor, City of Lynchburg, Virginia

- (1) Assessed value is as of July 1 of each fiscal year.
- (2) Excludes tax-exempt property.
- (3) These figures include assessments that qualify for land use exemptions. Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value. Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.
- (4) Fiscal Years 2016 - 2024 are restated due to correction of prior year's data.

ASSESSED VALUE OF ALL TAXABLE PROPERTY (1)  
LAST TEN FISCAL YEARS

Fiscal Year	Real Property (1)					Personal Property (3)				Machinery and Tools		Total Assessed Value of	Total Direct
	Residential Property (2)(6)(9)	Commercial Property (2)(7)(9)	Public Service Corporation	Total	Tax Rate	Personal Property	Public Service Corporation	Total	Tax Rate	Machinery and Tools (2)	Tax Rate	Taxable Property	Tax Rate (8)
2016	\$ 3,390,055,000	\$ 1,753,194,800	\$ 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	3,423,589,300	1,754,405,800	188,976,706	5,366,971,806	1.11	658,107,572 (4)	26,479,912	684,587,484	3.80	158,933,643 (4)	3.00	6,210,492,933	7.91
2018	3,467,846,600	1,761,618,400	193,804,645	5,423,269,645	1.11	676,603,014 (4)	31,249,795	707,852,809	3.80	169,680,373 (4)	3.00	6,300,802,827	7.91
2019	3,512,791,000	1,794,312,500	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	3,717,218,400	1,888,443,300	200,755,250	5,806,416,950	1.11	723,862,510 (4)	33,531,033	757,393,543	3.80	157,661,606 (4)	3.00	6,721,472,099	7.91
2021	3,782,129,600	1,914,776,500	214,754,922	5,911,661,022	1.11	795,541,727 (4)	31,097,593	826,639,320	3.80	158,532,445 (4)	3.00	6,896,832,787	7.91
2022	4,196,685,300	1,970,242,400	209,009,697	6,375,937,397	1.11	812,007,960 (4)	29,459,641	841,467,601	3.80	165,805,534 (4)	3.00	7,383,210,532	7.91
2023	4,265,721,000	1,982,311,800	220,176,366	6,468,209,166	1.11	863,955,841 (4)	29,353,165	893,309,006	3.80	173,660,754 (4)	3.00	7,535,178,926	7.91
2024	5,362,079,900	2,227,372,700	228,209,953	7,817,662,553	0.89	931,774,688 (4)	31,428,197	963,202,885	3.80	164,377,147 (4)	3.00	8,945,242,585	7.69
2025	5,522,167,900	2,265,466,200	286,072,524	8,073,706,624	0.89	829,862,749 (5)	38,354,266	868,217,015	3.80	165,136,428 (5)	3.00	9,107,060,067	7.69

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) Personal property tax is assessed according to the National Automobile Dealers Association (NADA) pricing guide. Tax year 2022 was assessed at 75% of the NADA and tax year 2023 was assessed at 90% of the NADA value. All other tax years were assessed at 100% value.
- (4) These figures have been updated to reflect all billings associated with the levy.
- (5) 2025 Personal Property Tax Levy in FY 2025. These figures only reflect two of the four billings associated with this levy. These figures will be updated in FY 2026 to reflect all four billings.
- (6) These figures are net of land use exemptions. Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value. Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.
- (7) Commercial property also includes industrial property.
- (8) When a government's individual direct rates apply to the same proportion of the revenue base, and does not apply to only a portion (such as residential, commercial, industrial) the Total Direct Rate is the sum of individual direct rates.

PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2025				2016					
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2025 Total Tax Levy	Percentage of Total Tax Levy	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2006 Total Tax Levy	Percentage of Total Tax Levy
AEP - American Electric Power	Utility	\$ 155,372,190	1	1.81 %	\$ 1,391,055	1.37 %	\$ 81,543,285	1	1.35 %		%
Frito Lay, Inc.	Food manufacturer	64,217,103	2	0.75	1,388,463	1.37	55,879,517	2	0.93	462,169	
Rosedale Investments LLC	Apartments/shopping	64,037,500	2	0.75	526,700	0.52				974,462	
River Ridge, Ltd.	Shopping mall	62,959,683	3	0.73	590,392	0.58	46,604,400	4	0.77	496,929	
Framatome (fmr Areva NP, Inc.)	Nuclear power design & fuel	54,053,760	4	0.63	1,045,524	1.03	53,129,287	3	0.88		
Triangle West Edge (fmr TPB Enterprises LLC)	Apartments	51,804,619	5	0.60	461,463	0.45				407,470	
Columbia Gas of Virginia, Inc.	Utility	48,962,348	6	0.57	435,810	0.43	33,540,015	8	0.56		
REA Lynchburg LLC	Apartments	43,431,942	7	0.51	389,834	0.38				175,018	
C.B. Fleet Co.	Pharmaceuticals	36,671,503	8	0.43	672,870	0.66	20,705,321	10	0.34		
Wal-Mart Real Estate Business Trust	Retail	36,554,800	8	0.43	392,972	0.39	40,853,090	5	0.68		
Eleven 25 of Virginia	Apartments	35,360,600	9	0.41	314,709	0.31				1,018,007	
Verizon Va, Inc.	Utility	33,727,482	10	0.39	302,756	0.30	39,503,306	6	0.65		
Walden Owner 1 & 2 LLC	Apartments	30,975,700	11	0.36	275,684	0.27					
Gardens on Timberlake LLC (fmr Carriage Sq)	Apartment complex	29,953,100	12	0.35	266,583	0.26					
J Crew Inc.	Clothing	28,704,003	13	0.33	532,818	0.52	25,070,689	9	0.42		
MMAC FCA (fmr Central Virginia Prof)	Medical office	26,692,300	14	0.31	237,561	0.23					
MMPF III Lynchburg-Asc LLC	Real estate	25,104,500	15	0.29	205,694	0.20					
Delta Star Inc	Power transformer manufacturing	24,935,816	15	0.29	304,974	0.30					
Genworth Financial, Inc.	Life insurance	24,398,920	16	0.28	490,659	0.48	18,577,501	13	0.31	196,151	
Logans Landing LLC	Apartments	22,935,200	17	0.27	204,123	0.20					
Vistas LP	Apartments	22,682,000	18	0.26	201,870	0.20				222,314	
Southwood Overlook LLC (fmr CL Overlook LP)	Apartments	22,364,809	18	0.26	199,300	0.20					
Azdel Inc	Thermoplastic manufacturer	22,327,670	18	0.26	430,619	0.42					
LU Candles Station Holdings LLC	Shopping center	21,500,000	19	0.25	191,350	0.19	19,011,400	11	0.31		
Old Mill Investments LLC	Apartments	17,940,500	20	0.21	159,670	0.16					
Virginian Hotel & Restaurant	Hotel/conference center	17,772,279	20	0.21	180,646	0.18					
Lynchburg Hospitality LLC	Hotel	16,292,259	21	0.19	168,056	0.17					
L3 Harris Corp.	Radio communications	16,285,747	21	0.19	145,273	0.14					
IREIT Lynchburg Lakeside LLC	Shopping center	16,226,000	21	0.19	144,411	0.14					
Lynchburg (Wards Crossing) LLC	Retail	15,110,600	22	0.18	134,484	0.13					
Reserve at Burton Creek	Apartments	15,108,100	22	0.18	134,462	0.13					
Automated Conveyor Systems Inc	Manufacturing	14,493,370	23	0.17	175,039	0.17					
Old Mill Acquisitions LLC	Apartments	14,052,200	24	0.16	125,065	0.12					
Wyndhurst Ridge Associates LP	Apartments	13,701,000	24	0.16	121,939	0.12					
Centra Health, Inc	Healthcare	13,700,000	24	0.16	121,930	0.12					
KANDBFCO LLC	Shopping center	13,600,000	24	0.16	121,040	0.12					
Lynchburg Hotel Group	Hotels	12,723,508	25	0.15	133,851	0.13					
1604 Graves Mill Rd LLC	Elderly housing	12,500,000	25	0.15	111,250	0.11					
Dayton Hudson Corporation	Shopping center	11,822,800	26	0.14	105,223	0.10					
TRS of the Lois T Briggs Recoverable Living Tr	Shopping center	11,795,000	26	0.14	104,976	0.10					
Maple Ridge Apartments LLC	Apartments	11,555,200	27	0.13	102,841	0.10					
700 Main Street LLC (Pacific Life Insurance)	Office building	11,500,000	27	0.13	102,350	0.10					
Summit SNF Property Holdings, LLC	Nursing home/Assisted living	11,500,000	27	0.13	102,350	0.10					
Virgina Baptist Homes, Inc (fmr CCRC, Inc.)	Nursing home/Assisted living	-		0.00	-	0.00	18,802,100	12	0.31		
LSC Communications (fmr RR Donnelley)	Periodical publication printing	-		0.00	-	0.00	34,837,220	7	0.58		
<b>Total</b>		<b>\$ 1,257,406,111</b>		<b>14.65 %</b>	<b>\$ 13,948,639</b>	<b>13.72 %</b>	<b>\$ 488,057,131</b>		<b>8.09 %</b>	<b>\$ 3,952,520</b>	<b>- %</b>
<b>Total Assessed Valuation:</b>		<b>\$ 8,583,846,012</b>					<b>\$ 6,041,006,767</b>				
<b>Tax Levy:</b>											
Real Estate		\$ 69,493,261									
Railroads and Pipelines		247,699									
Public Service Corporations		2,651,396									
Personal Property		29,280,842									
<b>Total Tax Levy:</b>		<b>\$ 101,673,198</b>									

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)
2016	\$ 82,721,284	\$ 179,324	\$ 82,900,608	\$ 80,478,895	97.29%	\$ 2,401,930	\$ 82,880,825	99.98%
2017	83,923,034	617,042	84,540,076	81,750,492	97.41%	2,756,974	84,507,466	99.96%
2018	85,534,487	659,490	86,193,977	83,113,348	97.17%	3,057,193	86,170,541	99.97%
2019	87,349,894	824,347	88,174,241	84,635,267	96.89%	3,506,503	88,141,770	99.96%
2020	90,985,488	497,805	91,483,293	88,831,389	97.63%	2,511,364	91,342,753	99.85%
2021	94,112,716	689,758	94,802,474	90,819,949	96.50%	3,773,868	94,593,817	99.78%
2022	100,695,312	524,227	101,219,539	97,067,294	96.40%	3,819,203	100,886,497	99.67%
2023	102,967,953	708,003	103,675,956	99,601,117	96.73%	3,488,374	103,089,491	99.43%
2024	102,307,038	978,626	103,285,664	98,227,848	96.01%	3,759,040	101,986,888	98.74%
2025	105,622,399	(796,085)	104,826,314	101,834,825	96.41%	-	101,834,825	97.15%

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)

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Real Estate										
Locally Assessed	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 0.89	\$ 0.89
Personal Property										
Locally Assessed	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Machinery and Tools	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Automobiles, Trucks and Business Equipment	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Public Service Corporations										
Equalized	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	0.89	0.89
Automobiles and Trucks	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Total Direct Tax Rate	7.91	7.91	7.91	7.91	7.91	7.91	7.91	7.91	7.69	7.69

Note: There is no overlapping government taxation.

Source:

City of Lynchburg Adopted Budget Fiscal Year 2025  
 Commissioner of the Revenue for City of Lynchburg, Virginia [www.lynchburgva.gov](http://www.lynchburgva.gov)

**TAXABLE RETAIL SALES AND  
TAXABLE RETAIL SALES PER CAPITA  
LAST TEN FISCAL YEARS**

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<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Taxable Retail Sales (2)</u>	<u>Taxable Retail Sales Per Capita (2)</u>
2016	79,977	\$ 1,345,647,515	\$ 16,825
2017	80,667	1,373,101,289	17,022
2018	80,690	1,388,422,136	17,207
2019	80,772	1,426,885,543	17,666
2020	80,327	1,415,058,859	17,616
2021	80,054	1,621,386,030	20,254
2022	80,127	1,803,280,572	22,505
2023	80,736	1,830,041,726	22,667
2024	81,782	1,851,237,519	22,636
2025	81,782	*	*

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(1) Weldon Cooper Center for Public Service, University of Virginia [www.coopercenter.org](http://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. 2016 through 2024 based on a July 1st estimate published on January 27, 2025. Intercensal estimates for 2020-2024 were last published on January 27, 2025.

(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, SEWER AND STORMWATER RATES  
LAST TEN FISCAL YEARS**

**Water, Sewer and Stormwater Rates**

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Water</b>										
Volume Rate/hcf*	\$ 2.43	\$ 2.55	\$ 2.68	\$ 2.68	\$ 2.68	\$ 2.68	\$ 2.68	\$ 2.77	\$ 2.83	\$ 3.29
Hydrant charge or 8" or smaller fire line	19.79	20.58	20.58	20.58	20.58	20.58	20.58	20.58	20.58	20.58
10" fire line	35.53	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95
12" fire line	56.38	58.64	58.64	58.64	58.64	58.64	58.64	58.64	58.64	58.64
<b>Sewer</b>										
Volume Rate/hcf*	\$ 5.83	\$ 6.02	\$ 6.02	\$ 6.02	\$ 6.02	\$ 6.14	\$ 6.14	\$ 7.22	\$ 8.30	\$ 8.30
<b>Stormwater</b>										
Single Family Unit Rate	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.17	\$ 4.48	\$ 4.93

\* hundred cubic feet

**Monthly Service Charge Table**

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>Meter Size</b>										
5/8"	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69	\$ 7.69
3/4"	9.69	9.69	9.69	9.69	9.69	9.69	9.69	9.69	9.69	9.69
1"	13.69	13.69	13.69	13.69	13.69	13.69	13.69	13.69	13.69	13.69
1-1/2"	23.69	23.69	23.69	23.69	23.69	23.69	23.69	23.69	23.69	23.69
2"	35.69	35.69	35.69	35.69	35.69	35.69	35.69	35.69	35.69	35.69
3"	63.69	63.69	63.69	63.69	63.69	63.69	63.69	63.69	63.69	63.69
4"	123.69	123.69	123.69	123.69	123.69	123.69	123.69	123.69	123.69	123.69
6"	243.69	243.69	243.69	243.69	243.69	243.69	243.69	243.69	243.69	243.69
8"	363.69	363.69	363.69	363.69	363.69	363.69	363.69	363.69	363.69	363.69
10"	603.69	603.69	603.69	603.69	603.69	603.69	603.69	603.69	603.69	603.69

Source: Director of Water Resources, City of Lynchburg, Virginia.

**RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**  
*(dollars expressed in thousands, except for per capita amounts)*

Fiscal Year	Governmental Activities						Business-type Activities						Total Primary Government - Net Outstanding Debt Ratios			
	General Obligation Bonds	Direct Borrowings <sup>(1)</sup>	General Obligation Notes	Note Payable and Other	Leases	Net Deferred Amounts <sup>(2)</sup>	General Obligation Bonds	Direct Borrowings <sup>(1)</sup>	General Obligation Notes	Public Utility Revenue Bonds	Leases	Net Deferred Amounts <sup>(2)</sup>	Total Primary Government (Principal Only)	Total Primary Government - Net (Includes Net Deferred Amounts)	Percentage of Personal Income <sup>(3)</sup>	Total Primary Government - Net Bonded Debt Per Capita <sup>(3)</sup>
2016	\$ 191,848	\$ -	\$ -	\$ 1,400	\$ -	\$ 12,877	\$ 76,395	\$ -	\$ -	\$ 104,998	\$ -	\$ 4,722	\$ 374,641	\$ 392,240	13.29%	\$ 4,932
2017	180,737	-	-	1,220	-	12,143	71,917	-	-	99,530	-	4,483	353,404	370,030	12.28%	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	12.15%	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	12.16%	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	10.89%	4,740
2022	152,733	5,163	7,910	2,188	2,658	13,789	66,040	-	10,575	102,640	2	5,874	349,909	369,572	9.74%	4,612
2023	184,219	4,072	-	1,750	2,611	16,674	88,028	-	-	96,103	28	6,346	376,811	399,831	9.66%	4,952
2024	175,507	3,330	449	1,313	2,668	15,810	83,400	-	11,532	90,342	66	5,969	368,607	390,386	9.32%	4,773
2025	164,870	2,664	8,916	875	2,805	14,353	79,741	-	24,020	83,805	58	5,597	367,754	387,704	9.25%	4,741

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 26 for population and per capita personal income information. For FY 2025 and FY 2024, the FY 2023 amount for per capita personal income of \$51,243 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)
2016	79,977	\$ 6,141,752 (5)	\$ 268,243	\$ 17,599	\$ 285,842	4.65%	\$ 3,574	\$ 76,395	\$ 4,722	\$ 204,725	3.33%
2017	80,667	6,209,849 (5)	252,654	16,626	269,280	4.34%	3,338	71,917	4,483	192,880	3.11%
2018	80,690	6,299,243 (5)	264,532	18,319	282,851	4.49%	3,505	81,971	5,709	195,171	3.10%
2019	80,772	6,434,077 (5)	257,147	17,204	274,351	4.26%	3,397	83,331	5,412	185,608	2.88%
2020	80,327	6,728,225 (5)	257,174	20,508	277,682	4.13%	3,457	73,907	5,914	197,861	2.94%
2021	80,054	6,896,833 (5)	246,436	21,083	267,519	3.88%	3,342	72,518	6,234	188,767	2.74%
2022	80,127	7,383,211 (5)	242,421	19,663	262,084	3.55%	3,271	76,615	5,874	179,595	2.43%
2023	80,736	7,464,861 (5)	276,319	23,020	299,339	4.01%	3,708	88,028	6,346	204,965	2.75%
2024	81,782	8,945,243 (5)	274,218	21,779	295,997	3.31%	3,619	94,932	5,969	195,096	2.18%
2025	81,782	9,107,060 (6)	280,211	19,950	300,161	3.30%	3,670	103,761	5,597	190,803	2.10%

Source: Chief Financial Officer, City of Lynchburg, Virginia.

(1) See Table 14 for Assessed Valuations and Table 26 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 2026 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 2025**

Real Property Assessed Value	\$ 7,787,634
Public Service Corporations Real Property Assessed Value	286,073
Total Real Property Assessed Value (1)	<u>8,073,707</u>
Debt limit (10% of assessed value)	807,371
Debt applicable to limit:	
Less: General Obligation Debt	(280,211)
<b>Legal Debt Margin</b>	<u><u>\$ 527,160</u></u>

Description	Fiscal Years									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 532,834	\$ 536,633	\$ 542,171	\$ 551,301	\$ 581,317	\$ 591,166	\$ 637,594	\$ 639,789	\$ 781,766	\$ 807,371
Total net debt applicable to limit	<u>268,243</u>	<u>252,654</u>	<u>264,532</u>	<u>257,147</u>	<u>257,174</u>	<u>246,436</u>	<u>242,421</u>	<u>276,319</u>	<u>274,218</u>	<u>280,211</u>
Legal debt margin	<u>\$ 264,591</u>	<u>\$ 283,979</u>	<u>\$ 277,639</u>	<u>\$ 294,154</u>	<u>\$ 324,143</u>	<u>\$ 344,730</u>	<u>\$ 395,173</u>	<u>\$ 363,470</u>	<u>\$ 507,548</u>	<u>\$ 527,160</u>
Total net debt applicable to the limit as a percentage of the debt limit	50.34%	47.08%	48.79%	46.64%	44.24%	41.69%	38.02%	43.19%	35.08%	34.71%

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 WATER  
LAST TWO FISCAL YEARS**

	<b>Fiscal Year</b>	<b>Fiscal Year</b>
	<b>2024</b>	<b>2025</b>
<b>Water Fund Operating Income</b>	\$ 2,050,539	\$ 1,711,727
Plus:		
Depreciation & amortization	3,435,275	3,725,773
Interest income received	551,004	414,309
Governmental grants & miscellaneous income	21,214	6,156
Capitalized cost	139,016	152,032
<b>Net Revenue per Indenture</b>	<u>\$ 6,197,048</u>	<u>\$ 6,009,997</u>
<b>Debt Service</b>		
General obligation bonds		
Principal	\$ 1,997,104	\$ 1,886,393
Interest	1,805,928	2,226,910
Total	<u>3,803,032</u>	<u>4,113,303</u>
Revenue bonds		
Interest	-	4,100
Total	<u>-</u>	<u>4,100</u>
<b>Total Debt Service Principal and Interest</b>	<u>\$ 3,803,032</u>	<u>\$ 4,117,403</u>
<b>Debt Coverage</b>	<u>1.63</u>	<u>1.46</u>

**PLEDGED REVENUE COVERAGE SEWER  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Sewer Fund Operating Income</b>	\$ 3,450,629	\$ 4,269,364	\$ 4,000,011	\$ 4,384,930	\$ 3,474,334	\$ 3,162,627	\$ 2,253,237	\$ 2,442,400	\$ 3,908,030	\$ 2,183,591
Plus:										
Depreciation & amortization	7,635,836	7,888,946	7,898,587	8,037,676	8,131,718	8,434,452	10,441,598	10,554,426	10,565,850	10,791,442
Interest income received	85,086	124,705	241,852	409,567	350,086	79,817	49,315	774,628	1,326,274	1,152,123
Capital contributions from members										
Regional Sewerage Treatment Plant	525,856	616,250	549,989	504,507	1,027,533	592,329	903,795	527,051	604,695	400,808
Governmental grants & miscellaneous income	11,821	19,824	47,687	47,717	270,958	53,235	100,365	87,420	61,223	9,252
Intergovernmental transfer (3)	126,734	-	-	-	-	-	-	-	-	-
Capitalized cost (2)	131,088	163,662	135,257	103,546	114,211	124,984	147,661	162,000	191,426	211,933
<b>Net Revenue per Indenture (1)</b>	<u>\$ 11,967,050</u>	<u>\$ 13,082,751</u>	<u>\$ 12,873,383</u>	<u>\$ 13,487,943</u>	<u>\$ 13,368,840</u>	<u>\$ 12,447,444</u>	<u>\$ 13,895,971</u>	<u>\$ 14,547,925</u>	<u>\$ 16,657,498</u>	<u>\$ 14,749,149</u>
<b>Debt Service</b>										
General obligation bonds										
Principal (4) (5)	\$ 1,990,110	\$ 2,059,474	\$ 1,863,830	\$ 1,607,228	\$ 1,384,934	\$ 1,326,351	\$ 1,395,513	\$ 1,390,302	\$ 1,570,614	\$ 1,570,526
Interest	1,046,664	891,725	987,085	1,052,708	1,100,070	1,059,949	981,590	1,111,845	1,275,280	1,366,574
Total	3,036,774	2,951,199	2,850,915	2,659,936	2,485,004	2,386,300	2,377,103	2,502,147	2,845,894	2,937,100
Revenue bonds										
Principal	6,238,057	6,274,745	6,312,571	6,351,572	5,816,174	6,055,995	6,449,022	6,449,022	6,449,022	6,449,022
Interest	174,501	137,815	99,989	60,988	20,775	5,345	-	-	-	-
Total	6,412,558	6,412,560	6,412,560	6,412,560	5,836,949	6,061,340	6,449,022	6,449,022	6,449,022	6,449,022
<b>Total Debt Service Principal and Interest</b>	<u>\$ 9,449,332</u>	<u>\$ 9,363,759</u>	<u>\$ 9,263,475</u>	<u>\$ 9,072,496</u>	<u>\$ 8,321,953</u>	<u>\$ 8,447,640</u>	<u>\$ 8,826,125</u>	<u>\$ 8,951,169</u>	<u>\$ 9,294,916</u>	<u>\$ 9,386,122</u>
<b>Debt Coverage</b>	<u>1.27</u>	<u>1.40</u>	<u>1.39</u>	<u>1.49</u>	<u>1.61</u>	<u>1.47</u>	<u>1.57</u>	<u>1.63</u>	<u>1.79</u>	<u>1.57</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

(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 FY2020, the payment of \$2,125,000 for the defeased August 13, 2009 Series B Bonds were excluded from Debt Service.

(5) 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 SEVEN FISCAL YEARS**

	Fiscal Year						
	2019	2020	2021	2022	2023	2024	2025
<b>Stormwater Fund Operating Income</b>	\$ 330,011	\$ 179,840	\$ 150,340	\$ (4,915)	\$ 144,138	\$ 190,986	\$ 492,011
Plus:							
Depreciation & amortization	275,261	295,876	419,151	456,956	400,339	442,271	516,308
Interest income received	60,794	39,235	5,873	3,223	128,896	182,282	129,973
Governmental grants & miscellaneous income	-	3,203	(9,761)	(14)	-	552	-
Intergovernmental transfer (1)	(337,500)	-	-	-	-	-	-
Capitalized cost (2)	33,883	48,319	33,256	31,299	55,254	66,492	60,061
<b>Net Revenue per Indenture</b>	<u>\$ 362,449</u>	<u>\$ 566,473</u>	<u>\$ 598,859</u>	<u>\$ 486,549</u>	<u>\$ 728,627</u>	<u>\$ 882,583</u>	<u>\$ 1,198,353</u>
<b>Debt Service</b>							
General obligation bonds							
Principal	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ 15,000	\$ 55,000	\$ 95,000
Interest	106	28,374	22,623	31,689	104,021	219,137	260,531
Total	106	28,374	37,623	46,689	119,021	274,137	355,531
Revenue bonds							
Principal	40,331	67,142	93,950	93,950	87,619	87,618	87,619
Interest	-	-	-	-	-	-	-
Total	40,331	67,142	93,950	93,950	87,619	87,618	87,619
<b>Total Debt Service Principal and Interest</b>	<u>\$ 40,437</u>	<u>\$ 95,516</u>	<u>\$ 131,573</u>	<u>\$ 140,639</u>	<u>\$ 206,640</u>	<u>\$ 361,755</u>	<u>\$ 443,150</u>
<b>Debt Coverage</b>	<u>8.96</u>	<u>5.93</u>	<u>4.55</u>	<u>3.46</u>	<u>3.53</u>	<u>2.44</u>	<u>2.70</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**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income (thousands of dollars) (2)</b>	<b>Per Capita Personal Income (3)</b>	<b>Median Age (4)</b>	<b>School Enrollment (5)</b>	<b>Unemployment Rate (6)</b>
2016	79,977	\$ 2,968,666	\$ 37,119	40.3	8,566	4.7
2017	80,667	3,088,336	38,285	39.9	8,477	4.8
2018	80,690	3,200,488	39,664	40.3	8,413	3.9
2019	80,772	3,314,156	41,031	39.0	8,286	3.6
2020	80,327	3,545,714	44,141	40.0	8,238	7.8
2021	80,054	3,806,648	47,551	40.0	7,961	4.8
2022	80,127	3,901,784	48,695	40.1	7,879	3.4
2023	80,736	4,137,155	51,243	39.5	7,903	3.5
2024	81,782	*	*	39.9	7,795	3.6
2025	81,782	*	*	*	7,703	4.2

Source: Chief Financial Officer, City of Lynchburg, Virginia.

- (1) Weldon Cooper Center for Public Service, University of Virginia [www.coopercenter.org](http://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. 2016 through 2024 based on a July 1st estimate published on January 27, 2025. Intercensal estimates for 2020-2024 were last published on January 27, 2025.
- (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 CAINC1 - Personal Income Summary:  
<https://apps.bea.gov/itable/?appid=99&step=1#eyJhcHBpZCI6OTksInN0ZXBzIjpbMV0sImRhdGEiOlttdfQ==>  
 MSA Map corroborates 2023 numbers - <https://apps.bea.gov/regional/bearfacts/action.cfm>  
 The information was last updated February 20, 2025.  
 The Table has been revised to reflect these changes.
- (4) United States Census - 2024  
 Report S0101 <https://data.census.gov/table/ACSST1Y2024.S0101?g=310XX00US31340>
- (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:::::p\\_session\\_id,p\\_application\\_name:2929626439707054511,fallmembership](https://p1pe.doe.virginia.gov/apex/f?p=180:1:::::p_session_id,p_application_name:2929626439707054511,fallmembership)
- (6) Virginia Employment Commission & U.S. Department of Labor, Bureau of Labor Statistics, as of Aug 27, 2025  
 2016-2025 Unemployment Rates have been adjusted to reflect the most current data available.  
<https://www.bls.gov/news.release/metro.t01.htm>

\* Information unavailable

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

<b>Employer</b>	<b>2025</b>	<b>2016</b>
	<b>Employees</b>	<b>Employees (1)</b>
Centra Health, Inc.	7000-7999	7000-7999
Liberty University	7000-7999	8000 +
City of Lynchburg	1000-1499	1000-1499
Framatome (2)	1000-1499	1000-1499
Lynchburg City Schools	1000-1499	1500-1999
Central Virginia Community College	500-999	500-999
Delta Star, Inc.	500-999	
Frito-Lay, Inc.	500-999	250-499
Genworth Financial Inc.	500-999	1000-1499
Horizon Behavioral Health (3)	500-999	500-999
J. Crew Outfitters	500-999	1000-1499
Southern Air, Inc.	500-999	500-999
University of Lynchburg (5)	500-999	500-999
Wal-Mart Stores, Inc.	500-999	500-999
C.B. Fleet Company, Inc.	250-499	
Kroger, Inc.	250-499	500-999
L3Harris	250-499	500-999
Lowe's	250-499	
Pacific Life	250-499	
Randolph College	250-499	
US Pipe	250-499	
Westminster-Canterbury	250-499	
Bausch & Lomb	0-249	
Belvac Production Machinery	0-249	
KDC (4)	-	250-499
LSC Communications (6)	-	250-499
Nationwide Insurance Company	-	0-249
Employed Civilian Labor Force (June 2025) Lynchburg City - Virginia		
Employment Commission		37,534
Employed Civilian Labor Force (June 2016) Lynchburg City - Virginia		
Employment Commission		33,444

Source: FY2025 numbers are derived from Office of Economic Development and Tourism, City of Lynchburg, VA, or employer contact, as of June 30, 2025.

(1) Numbers as reported in the FY2016 Annual Comprehensive Financial Report.

(2) Formerly Areva

(3) Formerly Central Virginia Community Services

(4) Formerly Tri-Tech Laboratories

(5) Formerly Lynchburg College

(6) Formerly R.R. Donnelley

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Functions/Programs	Full-Time Equivalent Employees as of June 30									
	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Adopted 2025 <sup>(1)</sup>
Primary government:										
City Council and Clerk <sup>(6)</sup>	-	-	-	-	-	-	-	-	1.5	1.5
Council Manager Offices	6.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	7.0	7.0
Parking Division <sup>(5)</sup>	5.7	5.7	5.7	5.7	5.7	4.7	-	-	-	-
City Assessor	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.5	8.5
City Attorney	6.9	6.9	6.9	7.9	7.9	7.9	7.9	9.1	9.2	9.2
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	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6
Communications and Public Engagement	4.0	4.0	4.0	4.0	4.0	4.0	4.0	10.0	10.0	10.0
Local Government Channel <sup>(4)</sup>	2.0	2.0	2.0	2.0	2.0	2.0	4.0	-	-	-
Citizens First Customer Service Center <sup>(4)</sup>	3.0	3.0	3.0	3.0	3.0	3.0	2.0	-	-	-
Financial Services	41.7	40.7	39.0	39.0	38.5	38.5	39.5	40.5	40.5	41.5
Financial Services-Human Services <sup>(2)</sup>	5.7	-	-	-	-	-	-	-	-	-
Human Resources	9.6	9.6	9.5	9.6	8.7	7.7	8.7	9.1	10.5	10.5
Information Technology	32.0	32.0	32.0	33.8	33.6	33.6	33.6	33.0	35.0	36.0
Registrar and Electoral Board (State)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Registrar and Electoral Board (City)	1.5	1.5	1.5	1.5	1.5	2.0	2.0	2.0	2.0	2.0
State Treasurer (State)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
State Treasurer (City)	-	-	0.7	0.7	0.7	-	-	-	-	-
Risk Management Fund	2.9	2.9	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Circuit Court Clerk (State)	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Circuit Court Clerk (City)	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.7	1.7
Circuit Court Judges	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Commonwealth Attorney (State)	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0	15.9
Commonwealth Attorney (City)	2.2	5.7	4.8	3.8	4.8	5.0	4.0	5.5	5.7	5.8
Sheriff (State)	22.0	21.0	19.0	18.0	17.0	17.0	16.0	16.0	16.0	16.0
Sheriff (City)	8.4	8.4	8.3	8.4	8.4	11.3	11.3	11.3	13.3	13.3
Regional Juvenile Detention Center Fund	45.1	41.1	44.1	44.1	45.1	45.1	45.1	40.6	40.6	41.6
Police Department	200.8	204.3	204.0	207.1	207.1	206.3	209.3	213.3	227.1	230.1
Emergency Services	36.6	36.6	36.6	36.6	36.6	36.6	36.6	42.6	43.2	40.3
Fire Department	189.5	189.5	189.5	189.5	189.5	189.5	198.5	199.5	208.5	208.5
Public Works Administration	10.7	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Buildings and Grounds Maintenance	74.2	74.3	74.3	74.3	72.3	72.3	72.3	72.3	72.1	76.8
Engineering Division	32.2	32.2	32.7	32.7	33.7	33.7	33.7	34.2	34.2	34.2
Street, Traffic, and Refuse Maintenance	46.3	47.0	46.2	46.2	46.9	48.9	50.0	50.0	52.0	52.0
Health and Human Services	170.5	176.3	173.3	175.3	177.3	177.3	180.3	182.1	185.9	189.9
Cultural and Recreational	97.0	95.0	94.0	85.2	80.5	81.5	82.6	84.5	83.9	90.1
Community Development	23.0	23.0	23.8	23.8	24.3	25.3	25.5	26.5	27.2	27.0
Economic Development, Tourism, and Visitor Center <sup>(3)</sup>	12.3	12.3	9.8	19.8	18.7	18.7	19.7	18.4	19.4	19.5
Economic Development <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-
Tourism and Visitor Center <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-
Fleet Services Fund	10.6	11.1	11.4	11.4	10.0	11.0	12.0	14.1	14.1	14.1
Business-type activities:										
Airport Fund	17.7	17.7	17.7	18.3	18.3	19.2	19.2	18.7	18.7	18.7
Water Fund	70.4	72.4	73.4	75.4	77.4	77.4	80.4	83.4	84.8	85.8
Sewer Fund	53.5	55.5	55.5	56.5	56.5	55.9	57.9	59.9	62.9	63.9
Stormwater Fund	7.1	9.1	9.0	10.1	11.1	11.1	11.1	11.1	11.1	11.1
	1,302.5	1,309.4	1,304.4	1,316.4	1,314.8	1,320.2	1,340.7	1,361.3	1,403.1	1,424.0

Source: Adopted Budget Documents, City of Lynchburg, Virginia

- (1) FY2025 actual will be available with the FY2026 adopted budget.
- (2) Financial Services-Human Services joined with Health and Human Services in FY2017.
- (3) Tourism and Visitor Center were formed in FY2014 and joined with Economic Development in FY2016.
- (4) Citizens First and Local Government Channel will join with Communications and Marketing beginning in FY2024.
- (5) Parking Management was split and joined between Financial Services and the Police Department in FY2023.
- (6) City Council and Clerk reported separately beginning in FY2024.

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Police										
Physical Arrests (4)	5,047	4,608	4,614	5,084	5,014	4,703	4,263	4,623	4,595	4,230
Traffic Violations	8,581	5,667	5,887	6,064	5,746	4,323	3,753	5,772	6,823	6,297
Parking Violations (5)	5,718	6,642	5,916	5,807	4,954	4,635	3,417	5,831	5,610	4,932
Fire										
Number of Fire calls answered (per month)	277	296	284	175	220	195	266	268	275	273
Number of inspections conducted (2) (3)	441	332	465	587	519	365	440	471	474	583
Number of EMS calls	19,169	19,296	15,509	11,776	12,190	12,931	13,836	15,740	15,085	15,679
Sanitation and Refuse										
Refuse collected (tons/day)	63.17	65.37	65.50	69.53	61.27	67.47	63.29	60.64	61.47	70.71
Recyclables collected (tons/day)	7.09	6.04	5.27	4.27	5.59	4.41	4.13	3.81	4.26	4.36
Airport										
Total number of passengers	154,218	159,523	157,452	172,449	147,139	109,328	143,022	144,162	147,044	153,258
Sewage										
Number of service connections (1)	19,083	19,149	19,186	19,363	19,493	19,606	19,662	19,834	20,124	20,321
Average daily treatment in million gallons	12.97	11.19	11.53	14.80	12.71	14.45	11.74	11.86	12.36	12.76
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)	22,716	22,786	22,807	22,982	23,119	23,214	23,268	23,451	23,757	23,956
Average daily consumption of plant in million gallons	11	11	10	10	10	11	11	11	11	11
Maximum daily capacity of plant in million gallons	26	26	26	26	26	26	26	26	26	26

Source: City Departments, City of Lynchburg, Virginia

- (1) The amounts reported do not include stormwater accounts.  
(2) In FY2016, the Fire department trained additional field employees to conduct inspections and the inspections were conducted off-duty with paid overtime funds.  
(3) In FY2017, fewer field employees were available to conduct off-duty inspections due to staffing issues.  
(4) Physical arrests are considered incidents in which individuals are physically detained and brought into the police station.  
(5) Parking violations include violations from Parking Management and the Police Department.

**CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units (7)	83	91	81	116	114	90	86	85	108	121
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection Trucks	20	19	21	19	18	23	23	21	23	25
Highways and Streets										
Street (miles)	378.95	378.95	381.32	381.32	383.53	384.50	382.11	385.71	387.49	387.49
Streetlights	10,347	10,378	10,504	10,521	10,535	10,649	10,649	10,906	10,944	10,997
Traffic signals	120	116	113	113	113	104	103	102	104	103
Culture and Recreation										
Community centers	7	6	6	6	7	7	7	7	7	7
Senior centers	1	1	1	1	1	1	1	1	1	1
Parks	21	21	21	21	21	21	21	21	21	21
Parks acreage (1)	948	948	948	948	953	953	953	953	953	953
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts (2)	40	40	40	40	40	40	40	40	40	40
Gymnasiums	7	7	7	7	7	7	7	7	7	7
Sewage system										
Storm sewers (miles) (3)	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped	not mapped
Water										
Fire hydrants	3,230	3,253	3,289	3,303	3,347	3,364	3,400	3,446	3,467	3,504
Storage capacity (thousands of gallons)	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Sewer										
Average daily sewage treatment (MGD)	12.97	11.19	11.53	14.80	12.71	14.45	11.74	11.86	12.36	12.76
Maximum daily sewage treatment (MGD)	38.82	32.95	47.04	55.40	33.80	33.82	28.75	31.63	37.65	34.89
Transit - route service buses (4)	39	39	39	39	39	34	36	32	32	26
Transit - paratransit service buses (5)	17	13	13	13	13	13	13	13	11	11
Transit - paratransit service buses (9)	-	-	-	-	-	-	-	-	5	5
Facility and service not included in the reporting entity:										
Education										
Number of elementary schools (6)	11	11	11	11	11	11	11	11	11	10
Number of secondary schools	5	5	5	5	5	5	5	5	5	5
Number of community colleges	1	1	1	1	1	1	1	1	1	1
Number of universities or colleges	4	4	4	4	4	4	4	4	4	4
Hospitals										
Number of hospitals	2	2	2	2	2	2	2	2	2	2
Number of patient beds (8)	519	519	519	519	519	519	519	519	519	519

Source: City Departments, City of Lynchburg, Virginia

- (1) Including Blackwater Creek Natural Area.
- (2) 10 locations with a total of 40 courts - including schools.
- (3) Mapping is under development. Complete information is not available.
- (4) GLTC no longer provides service to Liberty University, and is reducing the fleet size through attrition to meet the Federal Transit Administration's (FTA) spare ratio requirement.
- (5) GLTC purchased new paratransit buses to better serve the elderly population.
- (6) Kizer Elementary School used for Special Education, therefore, excluded from total number of elementary schools for reporting purposes.
- (7) Patrol units are defined as vehicles used by the Police department and Animal Control in their daily operations.
- (8) FY2019 reported the number of licensed beds; this amount has been updated to report the actual number of patient beds.

**CITY OF LYNCHBURG, VIRGINIA  
LYNCHBURG CITY SCHOOLS  
STUDENT ENROLLMENT, EMPLOYEES AND SCHOOLS BY FISCAL YEAR  
LAST TEN YEARS**

<b>Student Enrollment, Employees and Schools by Fiscal Year</b>										
<u>Description</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Elementary School Membership	3,982	3,985	3,839	3,723	3,683	3,420	3,433	3,477	3,607	3,437
Secondary School Membership	4,191	4,270	4,213	4,258	4,250	4,245	4,126	4,083	4,102	3,948
Total Membership	<u>8,173</u>	<u>8,255</u>	<u>8,052</u>	<u>7,981</u>	<u>7,933</u>	<u>7,665</u>	<u>7,559</u>	<u>7,560</u>	<u>7,709</u>	<u>7,385</u>
Instructional and Administrators (1)	1,019	994	948	1,003	1,018	1,046	1,044	1,156	1,142	1,096
Support (1)	434	479	404	373	389	349	273	329	376	334
Total Employees	<u>1,453</u>	<u>1,473</u>	<u>1,352</u>	<u>1,376</u>	<u>1,407</u>	<u>1,395</u>	<u>1,317</u>	<u>1,485</u>	<u>1,518</u>	<u>1,430</u>
Elementary Schools (2)	11	11	11	11	11	11	11	11	11	10
Secondary Schools (3)	5	5	5	5	5	5	5	5	5	5
Total Buildings	<u>16</u>	<u>15</u>								

- (1) Includes only full-time equivalent positions funded through the operating budget. For 2010 - 2018, the classification of instruction assistants were not consistent. Beginning with 2019, all instructional assistants are included in the Instructional and Administrators category. FY2023 has been updated to reflect the corrected number per ASR Report. The original numbers were overstated.
- (2) Does not include LAUREL Regional Program, now being used for special education students.
- (3) Does not include the Empowerment Academy, an alternative education environment that provides high school students in the need of credit recovery, SOL support, and/or specialized academic assistance with an intimate, individualized instructional setting that will ensure that they achieve their academic and post-graduate goals.

**Actual Average Daily Student Enrollment by Grade and Fiscal Year  
(Based on September 30th Actual Enrollment)**

<u>Grade</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
K	667	670	636	630	664	543	566	621	609	583
1	701	653	664	625	614	615	563	581	656	531
2	677	695	630	626	595	565	607	567	591	593
3	675	675	624	594	610	564	560	582	574	606
4	637	662	653	623	585	574	565	563	602	581
5	625	630	632	625	615	559	572	563	575	543
6	619	630	591	626	604	600	542	550	571	546
7	597	616	609	595	627	591	577	554	562	566
8	597	613	595	601	564	629	582	581	576	535
9	610	641	646	660	636	618	755	636	673	583
10	619	595	623	632	643	624	567	675	610	603
11	591	605	549	587	600	604	556	540	578	567
12	558	570	600	557	576	579	547	547	532	548
Total	<u>8,173</u>	<u>8,255</u>	<u>8,052</u>	<u>7,981</u>	<u>7,933</u>	<u>7,665</u>	<u>7,559</u>	<u>7,560</u>	<u>7,709</u>	<u>7,385</u>

## **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 City Council  
City of Lynchburg, Virginia  
Lynchburg, Virginia

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Lynchburg, Virginia (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 2, 2025.

## Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We identified a deficiency in internal control, described in the accompanying schedule of findings and responses, as Item 2025-001, that we consider to be a material weakness.**

## Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed an instance of noncompliance that is required to be reported under *Governmental Auditing Standards*, which is described in the accompanying schedule of findings and responses, as Item 2025-002.**

## City of Lynchburg's Response to Findings

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

## Purpose of this Report

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



CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
December 2, 2025

**City of Lynchburg, Virginia**  
**Summary of Compliance Matters**  
June 30, 2025

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 Town’s compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

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**State Compliance Matters**

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*Code of Virginia:*

- Budget and Appropriation Laws
- Cash and Investment Laws
- Conflicts of Interest Act
- Local Retirement Systems
- Debt Provisions
- Procurement Laws
- Comprehensive Services Act
- Uniform Disposition of Unclaimed Property Act
- Sheriff Internal Controls

*State Agency Requirements:*

- Education
- Social Services
- Stormwater Utility Program
- Urban Highway Maintenance
- Fire Program Aid to Localities
- Opioid Abatement Program

**City of Lynchburg, Virginia**  
**Schedule of Findings and Responses**  
**June 30, 2025**

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**A – Findings – Financial Statement Audit**

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*2025-001: Timely Reconciliations and Financial Reporting (Material Weakness)*

Condition As part of the Schools’ audit, we proposed multiple significant adjustments related to cash and accrued liabilities, including estimates of future insurance claims, accrued payroll, and subscription liabilities, resulting in significant adjustments to amounts due to/from the primary government balances.

Criteria Reconciliation and adjustments are key functions in proper financial reporting.

Cause Lack of reconciliations and adjustments throughout the year

Effect Significant adjustments were required for accurate year-end financial reporting

Recommendation We suggest management implement procedures, such as monthly reviews and reconciliations of account balance for accounting implications, periodic comparison of estimates with actual results, and consideration of other accounting policies for appropriateness. Additionally, all adjustments that were made as a result of our current year audit should be reviewed during the next year as a reminder of matters requiring accounting attention in preparing for the 2026 audit.

Management’s Response Management acknowledges the auditor’s comments regarding reconciliations and financial reporting and appreciates the recommendations provided. The Division maintains established internal controls designed to promote accuracy, accountability, and timeliness in the preparation of financial statements. While management believes these procedures are appropriate and functioning as intended, additional documentation and cross-departmental verification steps are being reviewed to further strengthen reporting consistency. The Division will continue to evaluate its reconciliation schedules, reporting workflows, and communication processes to ensure continued fiscal integrity and transparency in financial reporting.

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**B – Findings – Commonwealth of Virginia**

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*2025-002: Budget Appropriations*

Condition The Schools’ operating fund expenditures exceeded budgeted appropriations in food service and other and facilities at the functional level for the year ended June 30, 2025. Overall the fund was not over budget.

Criteria The Schools’ are required to keep expenditures within budgeted amounts.

Cause Schools’ operating budget was overspent due to the need for timely reconciliations of several accounts for food service and others and facilities.

Effect Actual expenditures for food service and other and facilities exceeded the budget.

Recommendation Steps should be taken to ensure that excess expenditures over budgeted appropriations are approved by the School Board and the budget amended accordingly.

**City of Lynchburg, Virginia**  
**Schedule of Findings and Responses**  
**June 30, 2025**

Management's Response The over-expenditure at the functional level resulted primarily from the payment of a one-time employee bonus that was initiated by the Governor, subsequently approved by the School Board, and provided to employees in their June 15, 2025, paycheck. This action required additional expenditures to be incurred (\$750 for full-time contracted employees and \$350 for part-time contracted employees) after the original budget adoption and was necessary to ensure timely compensation to eligible employees. While overall fund expenditures remained within total budgeted appropriations, the allocation of these additional costs caused individual functional categories, specifically Food Service and Facilities to exceed their initially approved budgets.

Going forward, management will ensure that future unanticipated compensation expenditures or similar statewide initiatives are accompanied by timely budget amendments at the functional level and submitted to the School Board for formal approval prior to expenditure, consistent with budgetary compliance requirements.