

**LYNCHBURG CITY COUNCIL
PHYSICAL DEVELOPMENT COMMITTEE**

**Tuesday, December 13, 2016
8:00 a.m.**

Information Items

Recent/Pending Contract Awards:

<u>Project</u>	<u>Contractor</u>	<u>Budget</u>	<u>Award Amount</u>	<u>Total with Construction Engineering, Inspection and Contingency</u>
McConnville Road Culvert Replacement	Counts and Dobyns	\$1,200,000	\$871,463	\$1,132,900

Update on priority projects: -See attached report.

General Business

- | | |
|---|--------------------|
| 1. Private streets renaming: Liberty University | Rachel Frischeisen |
| 2. Vacate a portion of an unnamed alley- Oakley Avenue | Rachel Frischeisen |
| 3. Wards Ferry Road Improvement Project-
Property Condemnation | Maggie Cossman |
| 4. Roll Call | |

Pc: Bonnie Svrcek, City Manager
Charles Hartgrove, Deputy City Manager
Council Members
Gaynelle Hart, Director of Public Works
News & Advance

Next Meeting: January 10, 2017

Lynchburg Capital Projects Greater Than \$1 Million(General Fund)

December 13, 2016

Projects of Interest		Phase	Phase Completion		Notes
Timberlake / Logan's Lane Intersection		Design	December 2016		Proceeding with Design
Midtown Connector		Construction	August 2016		Punchlist work
Greenview Drive Phase 2		Construction	July 2017		Construction Underway
College Lake Dam		Preliminary	December 2016		Getting Proposals from Engineer
One Way Pairs @ 501/221		Preliminary	September 2016		Smart Scale Application Submittal - Waiting on Scoring
Main Street Bridge		Design	August 2017		Design Underway
Memorial - Park - Lakeside Intersection		Construction	November 2016		Construction Complete 12/1
Odd Fellows Road - Sections A and B1		Construction	August 2018		Construction Underway
Odd Fellows Road - Section B2		Design	November 2017		Design Underway
Downtown Watermain Replacement & Streetscape		Construction	September 2017		Construction Underway -
Liberty Mountain Drive - Phase 1		Construction	October 2016		Complete
Liberty Mountain Drive - Phase 2		Construction	April 2017		Construction Underway
City Stadium Renovations - Football / Soccer		Construction	October 2016		Complete
City Stadium Field & Parking Improvements - Baseball		Design	August 2016		Design Underway - Construction to be complete by Baseball Season
Community Market Parking Deck		Design	October 2016		Replacement of Elevated Surface with Fill - Construction Beginning January 2017 and Ending May 2017
McConnville Road Culvert Replacement		Construction	December 2017		Notice to Proceed February
Wards Ferry Road Improvements @ Heritage		Design/ R/W	December 2016		Acquiring Right of Way

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016 - Physical Development Committee**

AGENDA ITEM #:

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Private streets renaming: Liberty University

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☒ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☐ Safe Community	☐ Social Equity	☒ Transportation
			☒ Administrative

RECOMMENDATION: Rename the streets as proposed.

SUMMARY: Liberty University has applied to rename seven (7) private streets: Champion Circle, Demoss Drive, Evans Boulevard, Hershey-Esbensshade Drive, Mountain View Road, Regents Parkway, and Williams Stadium Drive. The purpose of the renaming requests is to reflect current usage on the campus.

Champion Circle would be partially renamed to Regents Parkway (between Regents Parkway and University Boulevard) and partially renamed to University Boulevard (between the two existing segments of University Boulevard).

Demoss Drive (between Williams Stadium Road and Regents Parkway) would be renamed to Regents Parkway.

Evans Boulevard (between University Boulevard and Mountain View Road) would be renamed to Regents Parkway.

Hershey-Esbensshade Drive (between Mountain View Road and Regents Parkway) would be renamed to Regents Parkway.

Mountain View Road would be partially renamed to Regents Parkway (between Hershey-Esbensshade Drive and Evans Boulevard).

Regents Parkway would be partially renamed to Hershey-Esbensshade Drive (between Regents Parkway and Candler's Mountain Road).

Williams Stadium Road (between Wards Road and University Boulevard) would be renamed to Liberty University Drive.

PRIOR ACTION(S):

November 1, 2016: The Technical Review Committee (TRC) reviewed the petition. The TRC comments have been incorporated into the proposed resolution.

November 9, 2016: Planning Commission reviewed the petition.

FISCAL IMPACT: None

CONTACT(S): Rachel Frischeisen, Planner I – 455-3900
Tom Martin, City Planner - 455-3900
Kent White, Director of Community Development – 455-3900

ATTACHMENT(S):

- Resolution
- Applications
- Liberty University Streets Map

REVIEWED BY: bms

RESOLUTION:

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that the names of seven existing private streets located on the Liberty University campus are hereby changed as follows:

- The portion of Champion Circle between Regents Parkway and University Boulevard is changed to Regents Parkway and the portion of Champion Circle between the two existing segments of University Boulevard is changed to University Boulevard.
- The portion of Demoss Drive between Williams Stadium Road and Regents Parkway is changed to Regents Parkway.
- The portion of Evans Boulevard between University Boulevard and Mountain View Road is changed to Regents Parkway.
- The portion of Hershey-Esbensshade Drive between Mountain View Road and Regents Parkway is changed to Regents Parkway.
- The portion of Mountain View Road between Hershey-Esbensshade Drive and Evans Boulevard is changed to Regents Parkway.
- The portion of Regents Parkway between Regents Parkway and Candler's Mountain Road is changed to Hershey-Esbensshade Drive.
- The portion of Williams Stadium Drive between Wards Road and University Boulevard is changed to Liberty University Drive.

The names of the seven private streets are hereby changed as depicted on the Liberty University Street Map, dated April 25, 2016.

Adopted:

Certified:

Clerk of Council

APPLICATION FOR THE RENAMING OF

CHAMPION CIRCLE

(Current Street Name)

LOCATED BETWEEN

REGENTS PARKWAY AND UNIVERSITY BLVD.

The undersigned applicant, LIBERTY UNIVERSITY, pursuant to the provisions of Section 24.1-6 of the City Code, 1959, as amended, respectfully makes application to the City of Lynchburg for the naming of REGENTS PARKWAY, formerly known as CHAMPION CIRCLE (PARTIAL).

The applicant further requests the Lynchburg Physical Development Committee (PDC) to review and provide comment to the City Council on the proposed street naming request in the City Manager's Conference Room, 3rd floor, 900 Church Street, Lynchburg, Virginia, on 13 SEP 2016, 9:00 A.M., or as soon thereafter as the matter may be heard.

Given under my hand this 31, day of AUGUST 2016.

Richard D. Strickley

Applicant Signature

1971 UNIVERSITY BLVD.
LYNCHBURG, VA

Address

434.592.3077

Telephone Number

APPLICATION FOR THE RENAMING OF

CHAMPION CIRCLE (PARTIAL)
(Current Street Name)

LOCATED BETWEEN

REGENTS PARKWAY AND UNIVERSITY BLVD.

The undersigned applicant, LIBERTY UNIVERSITY, pursuant to the provisions of Section 24.1-6 of the City Code, 1959, as amended, respectfully makes application to the City of Lynchburg for the naming of UNIVERSITY BLVD., formerly known as CHAMPION CIRCLE (PARTIAL).

The applicant further requests the Lynchburg Physical Development Committee (PDC) to review and provide comment to the City Council on the proposed street naming request in the City Manager's Conference Room, 3rd floor, 900 Church Street, Lynchburg, Virginia, on 13 SEP 2016, 9:00 A.M., or as soon thereafter as the matter may be heard.

Given under my hand this 31, day of AUGUST 2016.

Richard D. Strickley

Applicant Signature

1971 UNIVERSITY BLVD.
LYNCHBURG, VA

Address

434.592.3077

Telephone Number

APPLICATION FOR THE RENAMING OF

EVANS BLVD.

(Current Street Name)

LOCATED BETWEEN

UNIVERSITY BLVD AND REGENTS PARKWAY

The undersigned applicant, LIBERTY UNIVERSITY, pursuant to the provisions of Section 24.1-6 of the City Code, 1959, as amended, respectfully makes application to the City of Lynchburg for the naming of REGENTS PARKWAY, formerly known as EVANS BLVD.

The applicant further requests the Lynchburg Physical Development Committee (PDC) to review and provide comment to the City Council on the proposed street naming request in the City Manager's Conference Room, 3rd floor, 900 Church Street, Lynchburg, Virginia, on 13 SEP 2016, 9:00 A.M., or as soon thereafter as the matter may be heard.

Given under my hand this 31, day of AUGUST 2016.

Richard D. Hinkley

Applicant Signature

1971 UNIVERSITY BLVD.
LYNCHBURG, VA

Address

434.592.3077

Telephone Number

APPLICATION FOR THE RENAMING OF

HERSHEY-ESBENSHADE DRIVE
(Current Street Name)

LOCATED BETWEEN

EVANS BLVD. AND REGENTS PARKWAY

The undersigned applicant, LIBERTY UNIVERSITY, pursuant to the provisions of Section 24.1-6 of the City Code, 1959, as amended, respectfully makes application to the City of Lynchburg for the naming of REGENTS PARKWAY, formerly known as HERSHEY-ESBENSHADE DR.

The applicant further requests the Lynchburg Physical Development Committee (PDC) to review and provide comment to the City Council on the proposed street naming request in the City Manager's Conference Room, 3rd floor, 900 Church Street, Lynchburg, Virginia, on 13 SEP 2016, 9:00 A.M., or as soon thereafter as the matter may be heard.

Given under my hand this 31, day of AUGUST 2016.

Richard D. Hinkley

Applicant Signature

1971 UNIVERSITY BLVD.
LYNCHBURG, VA

Address

434.592.3077

Telephone Number

APPLICATION FOR THE RENAMING OF

MOUNTAIN VIEW ROAD (PART)
(Current Street Name)

LOCATED BETWEEN

HERSHEY-ESBENSHADE DR : EVANS BLVD.

The undersigned applicant, LIBERTY UNIVERSITY, pursuant to the provisions of Section 24.1-6 of the City Code, 1959, as amended, respectfully makes application to the City of Lynchburg for the naming of REGENTS PARKWAY, formerly known as MOUNTAIN VIEW RD.

The applicant further requests the Lynchburg Physical Development Committee (PDC) to review and provide comment to the City Council on the proposed street naming request in the City Manager's Conference Room, 3rd floor, 900 Church Street, Lynchburg, Virginia, on 13 SEP 2016, 9:00 A.M., or as soon thereafter as the matter may be heard.

Given under my hand this 31, day of AUGUST 20 16.

Richard D. Hinkley

Applicant Signature

1971 UNIVERSITY BLVD
LYNCHBURG, VA

Address

434.592.3077

Telephone Number

APPLICATION FOR THE RENAMING OF

REGENTS PARKWAY (PARTIAL)

(Current Street Name)

LOCATED BETWEEN

REGENTS PARKWAY AND CANDLERS MTN. RD.

The undersigned applicant, LIBERTY UNIVERSITY, pursuant to the provisions of Section 24.1-6 of the City Code, 1959, as amended, respectfully makes application to the City of Lynchburg for the naming of HERSHEY-EBENSHADE DR., formerly known as REGENTS PARKWAY.

The applicant further requests the Lynchburg Physical Development Committee (PDC) to review and provide comment to the City Council on the proposed street naming request in the City Manager's Conference Room, 3rd floor, 900 Church Street, Lynchburg, Virginia, on 13 SEP 2016, 9:00 A.M., or as soon thereafter as the matter may be heard.

Given under my hand this 31, day of AUGUST 2016.

Richard D. Stickley

Applicant Signature

1971 UNIVERSITY BLVD
LYNCHBURG, VA

Address

434.592.3077

Telephone Number

APPLICATION FOR THE RENAMING OF

WILLIAMS STADIUM RD.

(Current Street Name)

LOCATED BETWEEN

WARDS ROAD AND UNIVERSITY BLVD.

The undersigned applicant, LIBERTY UNIVERSITY, pursuant to the provisions of Section 24.1-6 of the City Code, 1959, as amended, respectfully makes application to the City of Lynchburg for the naming of LIBERTY UNIVERSITY DRIVE, formerly known as WILLIAMS STADIUM RD.

The applicant further requests the Lynchburg Physical Development Committee (PDC) to review and provide comment to the City Council on the proposed street naming request in the City Manager's Conference Room, 3rd floor, 900 Church Street, Lynchburg, Virginia, on 13 SEP 2016, 9:00 A.M., or as soon thereafter as the matter may be heard.

Given under my hand this 31, day of AUGUST 20 16.

Richard D. Hinkley

Applicant Signature

1971 UNIVERSITY BLVD.
LYNCHBURG, VA

Address

434.592.3077

Telephone Number



LIBERTY UNIVERSITY STREETS



LEGEND

- Existing Addresses
- Proposed Addresses
- Addressing Requiring Attention
- Existing Roads
- New Roads w/Approved Names
- Existing Roads w/Name Change
- Discontinued Roads
- Partial Area
- Corporate Limit



AERIAL PHOTOGRAPHY:
MAR 2015

420 210 0 420 840 1,260 1,680
Feet

1 inch = 272 feet

CREATED: 4/25/2016



LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016 – Physical Development Committee**

AGENDA ITEM #:

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Vacate a portion of unnamed alley

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☒ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☐ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Approval of the right-of-way vacation.

SUMMARY: Farrell Lynchburg Properties, LLC (owner of 301 Oakley Avenue and 100 Hood Street) is petitioning to vacate a portion of an unnamed alley, located between Richmond Street and Baltimore Street, running parallel between Oakley Avenue and Hood Street. The alley is approximately fifteen (15) feet wide and extends approximately three hundred and five (305) feet. The area proposed for vacation includes approximately one hundred three thousandths (.103) acres and contains a privately owned building and parking lot. Since the alley is currently not traversable due to the existing building, this alley vacation would have no impact on traffic or pedestrian access in the area.

PRIOR ACTION(S):

October 18, 2016: The Technical Review Committee (TRC) reviewed the petition. The TRC comments have been incorporated into the proposed ordinance.

FISCAL IMPACT: None

CONTACT(S):

Rachel Frischeisen, Planner I – 455-3900
Tom Martin, City Planner - 455-3900
Kent White, Director of Community Development – 455-3900

ATTACHMENT(S):

- Ordinance
- Application
- Right-of-way vacation map
- Zoning Map

REVIEWED BY: bms

UNCODIFIED ORDINANCE:

AN ORDINANCE VACATING AN UNNAMED ALLEY BETWEEN RICHMOND STREET AND BALTIMORE STREET.

WHEREAS, Farrell Lynchburg Properties, LLC, is petitioning to vacate a portion an unnamed alley; and

WHEREAS, City Council finds that no public inconvenience will result from vacating the right of way;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Lynchburg, on its own motion, and in accordance with the provisions of Section 15.2-2006 of the Code of Virginia, 1950, as amended, and Sections 35-71 through 35-77 of the City Code, 1981, as amended, the following described right of way be, and the same hereby is, discontinued and vacated, namely:

A 15-foot, unimproved alley running 305 feet between RICHMOND STREET and BALTIMORE STREET and parallel between OAKLEY AVENUE (formerly WASHINGTON AVENUE) and HOOD STREET (formerly LEE AVENUE) as depicted on Plan of Sections 1 & 2 of West Lynchburg, dated 1890 and recorded in the Campbell County Clerk's Office in Deed Book 53, page 51-53.

Said vacation is contingent upon the following: (1) that an easement to locate, relocate, repair, replace, maintain and perpetually operate all utilities currently located therein or needed by the City in the future is hereby reserved unto the City of Lynchburg, and (2) the construction of any building or structure or the use of the vacated property in any manner that could interfere with the City's right to locate, relocate, repair, replace, maintain and perpetually operate utilities is prohibited without the prior written approval of the City Manager's Office, City Utilities Division and the City Engineering Division.

BE IT FURTHER ORDAINED that the Clerk of Council is hereby authorized and directed to deliver a duly certified copy of this ordinance to the Clerk of the Circuit Court for the City of Lynchburg so that said certified copy of this ordinance may be recorded as deeds are recorded and indexed in the name of the City of Lynchburg.

Adopted:

Certified:

Clerk of Council

APPLICATION FOR THE VACATION OF

ALLEY

LOCATED

BETWEEN RICHMOND AVENUE AND BALTIMORE STREET

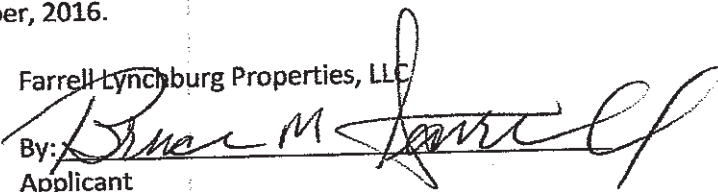
The undersigned applicant, Farrell Lynchburg Properties, LLC, pursuant to the provisions of Section 15.2-2006 of the Code of Virginia, 1950, as amended, and Section 35-71 through Section 35-77 of the City Code 1981, as amended, respectfully makes application to the Lynchburg City Council for the vacation of that certain portion of an unnamed alley described as follows:

A 15-foot, unimproved alley running 305-feet between RICHMOND ST and BALTIMORE ST and parallel between OAKLEY AVE (Formally WASHINGTON AVE) and HOOD ST (Formally LEE AVE) as depicted on Plan of Sections 1 & 2 of West Lynchburg dtd 1890 and recorded in the Campbell County Clerk's Office in DB53/PG51-53.

The applicant further requests the Lynchburg City Council to hold a public hearing on this application at its meeting to be held in the Council Chamber, City Hall, 900 Church Street, Lynchburg, VA on January 10, 2017, at 7:30 p.m., or as soon thereafter as the matter may be heard, and at the conclusion of which hearing to consider whether or not to vacate the above described portion of unnamed alley.

Given under my hand this 19th day of September, 2016.

Farrell Lynchburg Properties, LLC

By: 
Applicant

2009 Williamson Road, NE
Roanoke, VA 24012
Address

540.353.3680
Phone Number

WE, THE ADJOINING PROPERTY OWNER(S) ARE IN AGREEMENT TO THE VACATION OF THE ABOVE DESCRIBED PROPERTY: The property constitutes the entire block so there are no adjoining property owners.

Right-of-Way Vacation Map

UNNAMED ALLEY

TRC

Farrell Lynchburg Properties



PROPERTY INFORMATION

PARCEL ID

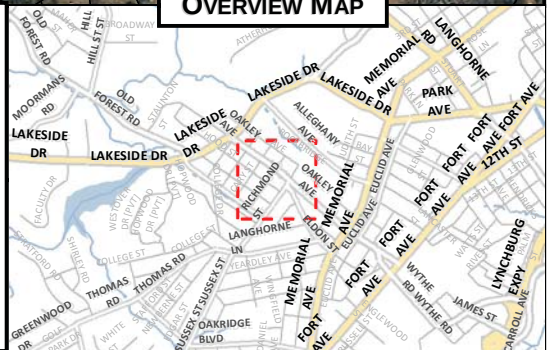
ADDRESS

01305001 301 OAKLEY AVE
01305002 100 HOOD ST

LEGEND

 Subject Property

OVERVIEW MAP



MAP SCALE: 1" to 200' DATE PRINTED: 11/21/2016

DISCLAIMER: THIS MAP IS NEITHER A LEGALLY RECORDED MAP NOR A SURVEY AND IS NOT INTENDED TO BE USED AS SUCH. THE INFORMATION DISPLAYED IS A COMPILATION OF RECORDS, INFORMATION, AND DATA OBTAINED FROM VARIOUS SOURCES. THE CITY OF LYNCHBURG IS NOT RESPONSIBLE FOR ITS ACCURACY OR HOW CURRENT IT MAY BE.

Zoning-TRC Map

ROW VACATION - UNNAMED ALLEY

TRC

Farrell Lynchburg Properties



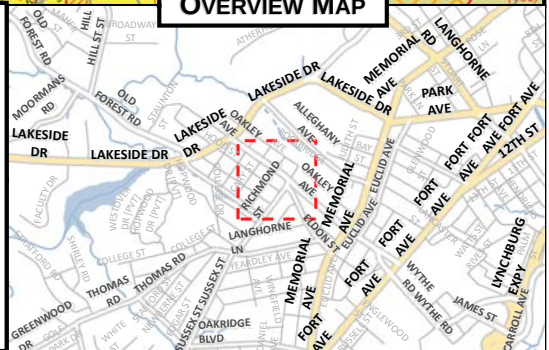
PROPERTY INFORMATION

PARCEL ID	ADDRESS
01305001	301 OAKLEY AVE
01305002	100 HOOD ST

LEGEND

 Subject Property	 R-1	 I-1	 IN-1
 200' Buffer	 R-2	 I-2	 IN-2
 B-1	 R-3	 I-3	 R-C
 B-3	 R-4		
 B-4			
 B-5			

OVERVIEW MAP



MAP SCALE: 1" to 4,000' DATE PRINTED: 10/7/2016

DISCLAIMER: THIS MAP IS NEITHER A LEGALLY RECORDED MAP NOR A SURVEY AND IS NOT INTENDED TO BE USED AS SUCH. THE INFORMATION DISPLAYED IS A COMPILATION OF RECORDS, INFORMATION, AND DATA OBTAINED FROM VARIOUS SOURCES. THE CITY OF LYNCHBURG IS NOT RESPONSIBLE FOR ITS ACCURACY OR HOW CURRENT IT MAY BE.

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016 Physical Development Committee**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Wards Ferry Road Improvement Project – Property Condemnation

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☒ Healthy & Active Living
☒ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☒ Neighborhoods	☒ Safe Community	☐ Social Equity	☒ Transportation
			☐ Administrative

RECOMMENDATION: Hold a public hearing to initiate condemnation proceedings and adopt a resolution authorizing the condemnation of Right-of-Way and Temporary slope and construction easement, located at 3150 Wards Ferry Road, Lynchburg City Tax Map No. 2470240, for the Wards Ferry Road Improvement project.

SUMMARY: As part of the Wards Ferry Road improvement project it is necessary for the City to acquire additional right of way and temporary slope and construction easements to widen Wards Ferry Road from Timberlake Road to Water Gate Drive. The proposed project includes adding turn lanes for traffic turning onto Timberlake and traffic accessing the newly renovated Heritage High School. The project will improve safety in the corridor and help to ease congestion in the area. The City has come to an agreement with all but one of the 6 properties along the 0.3 mile project corridor. The City has not been able to purchase the right-of-way and temporary slope and construction easement located at 3150 Wards Ferry Road, Lynchburg City Tax Map No. 2470240. The right-of-way and temporary easement in question was appraised by KDR Real Estate Services, in August of 2016, having a value of \$24,257.00. KDR has made multiple attempts to come to a resolution on the sale with the owners; however, an agreement has not been reached. The City Attorney and Director of Public Works have also contacted the owners to come to a resolution, and have been unsuccessful. In order to construct the Wards Ferry Road widening project starting in Spring of 2017, the City needs to proceed with condemnation to acquire the remaining right of way and easement at 3150 Wards Ferry Road.

PRIOR ACTION(S):

None

FISCAL IMPACT:

The fair market value of the right-of-way and temporary slope and construction easement has been appraised at \$24,257.00.

CONTACT(S):

Maggie Cossman, Transportation Engineer, 455-3935
Lee Newland, City Engineer, 455-3947
Gaynelle Hart, Director of Public Works, 455-4469

ATTACHMENT(S):

Condemnation Resolution; Easement Plat

REVIEWED BY:

RESOLUTION

A RESOLUTION AUTHORIZING A CONDEMNATION PROCEEDING BY THE CITY OF LYNCHBURG TO ACQUIRE FEE SIMPLE TITLE TO RIGHT OF WAY AND A TEMPORARY CONSTRUCTION EASEMENT ON A PARCEL OF LAND IN THE CITY OF LYNCHBURG, LOCATED AT 3150 WARDS FERRY ROAD, TAX MAP NO. 24702040, FOR THE CONSTRUCTION OF WARDS FERRY ROAD WIDENING.

WHEREAS, in the opinion of the Council of the City of Lynchburg, it is necessary and appropriate to institute and prosecute a condemnation proceeding in accordance with the provisions of Section 38-B(2) of the Charter of the City of Lynchburg (Acts of Assembly, 1968, Chapter 22, page 49), to acquire property and easement on the parcel of land owned by Mr. Clarence S. Early and Ms. Naomi E. Cecil, located at 3150 Wards Ferry Road, Lynchburg City Tax Map No. 24702040, as shown on a Right-of-Way plans by AECOM, pages 3RW and 4RW, and dated May 24, 2016.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That the City Attorney be, and is hereby, authorized and directed to institute and prosecute condemnation proceedings in accordance with the provisions of 38-B(2) of the Charter of the City of Lynchburg to acquire easements on the property owned by Mr. Clarence S. Early and Ms. Naomi E. Cecil, located at 3150 Wards Ferry Road, Lynchburg City Tax Map No. 24702040, which property and easement are described as follows:

Right-of-way

The area shown on the attached right-of-way sheets as "Proposed right-of-way: 7,018 sq. ft."

Temporary Construction Easement

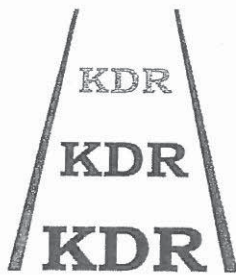
The area shown on the attached plat as "Proposed temporary easement for slopes, and Proposed temporary easement for construction: 6,228 sq. ft."

2. That in the opinion of the City Council, a public necessity exists for the acquisition of right-of-way and a temporary construction easement being needed for a public use, as defined in Section 1-219.1 of the Code of Virginia, 1950, as amended, specifically, for the construction of Wards Ferry Road widening.
3. That in order to provide the total estimated necessary funds to compensate the owner of the property for the acquisition of the easements, the sum of which is determined to be \$24,257.00 which has been heretofore appropriated, and the Director of Finance be, and is hereby, authorized and directed when so requested by the City Attorney to present a check for deposit with the Clerk's Office of the Circuit Court for the City of Lynchburg, Virginia, for such condemnation proceedings.

That the City Attorney is fully authorized and directed to act for and on behalf of the City of Lynchburg in agreeing or disagreeing with the owner of said property upon the compensation to be paid therefore within the limits of the funds provided for that purpose and the Mayor, Vice Mayor, or City Manager is authorized to sign, in the name of the City, any proper petitions, pleadings, or necessary documents to be filed or presented at any stage of the proceedings.

Adopted:

Certified: _____
Clerk of Council



KDR Real Estate Services

"When you need it done the right way"

HAND DELIVERY

Date: 8/22/16

Ms. Naomi E. Cecil 3210 Cobberland Road Winston-Salem, NC 27105	Mr. Clarence S. Early 238 York Street Lynchburg, VA 24501
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Re: Wards Ferry Road Improvement Project
Property Owner: Naomi E. Cecil and Clarence S. Early
Property Address: 3150 Wards Ferry Road, Lynchburg, VA 24502
Tax Map No.: 24702040
Parcel No.: 002

Dear Ms. Cecil and Mr. Early:

As you are aware, the City of Lynchburg has approved a widening improvement project from 0.058 miles north of the intersection with Copley Place to 0.249 miles east of the intersection with Copley Place. AECOM, the City of Lynchburg's prime consultant, who is under contract to design and build the improvements, engaged KDR Real Estate Services (KDR) to acquire the property rights needed for the completion of the project. KDR is a full service real property acquisition company that specializes in the acquisition of rights of way and easements. Pursuant to § 25.1-204(B) of the Code of Virginia, the City has certified that the acquisition of your property has been reviewed by the City for purposes of complying with § 1-219.1 of the Code of Virginia.

Since your property is being impacted, an appraisal of your property was performed to determine the market value of the area needed and the impact of the proposed construction on your property. Based on the estimated market value the City is offering \$24,257.00 as compensation for the property rights being acquired and damages to your property, if any.

A breakdown of the compensation is as follows:

TYPE OF ACQUISITION	AREA SQUARE FEET	OFFER AMOUNT	
Land – Fee Simple	7,018	\$21,054	
Temporary Construction Easement	6,228	\$ 2,803	
TOTAL ESTIMATED VALUE OF LAND AND EASEMENT ACQUIRED			\$23,857
Damages (Cost to Cure): Property Pins (2)		\$ 400	
TOTAL ESTIMATED VALUE OF DAMAGES			\$ 400
TOTAL ESTIMATED VALUE OF LAND AND EASEMENT ACQUIRED AND TOTAL ESTIMATED VALUE OF DAMAGES			\$24,257
TOTAL OFFER AMOUNT			\$24,257

Please find enclosed for your review:

- Deed , with plan sheet attached setting forth the rights to be acquired
- Compensation Agreement
- Appraisal
- Plan sheet(s) 3, 3RW, 4, and 4RW
- Profile sheet(s) 3A, 4A
- ID Verification Form
- No Lien Affidavit
- Owner/Seller Affidavit
- IRS W-9 form
- Title report
- VDOT's Brochure: "A Guide for Property Owners and Tenants"

The documents to be returned and requirements stated above are necessary for closing and payment of compensation. Additional title requirements may be requested before settlement.

Plan Sheets 3, 3RW, 4, and 4RW are enclosed showing specific features highlighted in the following colors: RED the land conveyed in fee simple and ORANGE the temporary construction easement.

Today, in addition to presenting the City of Lynchburg's offer to purchase the needed property and/or property rights, my objective is to explain the appraisal, the title report and the plans (including cuts, fills, elevations and grades, as applicable.) As applicable, I want you to have an understanding of all proposed changes in profile, elevation and grade of the highway and entrances, including the elevations of proposed pavement and shoulders, both center and edges, with relation to the present pavement, and approximate grade of entrances to your property. I also want to give you the opportunity to ask whatever questions you may have about all of this information.

If you feel it is necessary, I would be happy to meet with you again to further discuss this project and answer any additional questions you may have that were not addressed in today's meeting. You may contact me by postal mail, email or telephone. I can be reached at **434.944.1523** or by email at **rlively@3bcs.com**. A business card with my contact information is enclosed for your ready reference.

Naomi E. Cecil and Clarence S. Early

Date: 8/22/11

Page 3 of 3

You may be entitled to a reimbursement or reduction of your real estate taxes, depending on the circumstances at the time the transfer is concluded; however, should you have any questions pertaining to this, please contact your local treasurer for further details.

Sincerely,

A handwritten signature in cursive script that reads "Harry R. Lively".

Harry R. Lively
Right of Way Specialist

HRL/jm
Enclosures



KDR Real Estate Services

"When you need it done the right way"

VIA USPS PRIORITY MAIL

September 9, 2016

Ms. Naomi E. Cecil 3210 Cobberland Road Winston-Salem, NC 27105	Mr. Clarence S. Early 238 York Street Lynchburg, VA 24501
---	---

Re: Wards Ferry Road Improvement Project
Property Owner: Naomi E. Cecil and Clarence S. Early
Property Address: 3150 Wards Ferry Road, Lynchburg, VA 24502
Tax Map No.: 24702040
Parcel No.: 002

Dear Ms. Cecil and Mr. Early:

As we have previously discussed, the City of Lynchburg ("CITY") plans to begin construction of the above project soon. In order to do so it is necessary for us to acquire a portion of your property. I have described the portion that CITY needs to acquire and the impact the construction will have on your remaining property. I have given you a copy of the title report, the highway plans and an appraisal prepared by a licensed appraiser that establishes our estimate of the value of the property and any other rights that we need to acquire from you.

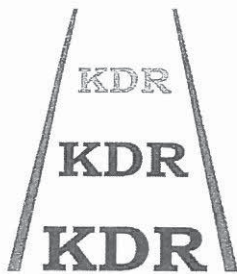
As of the date of this letter, we have not been able to reach a mutual agreement. Please contact me as soon as possible so that we can set up an appointment to discuss the project, offer, and any questions/or concerns that you may have.

I can be reached at **434.944.1523** or by email at **rlively@3bcs.com**.

Sincerely,

Harry R. Lively
Right of Way Specialist

HRL/jm



KDR COPY

KDR Real Estate Services

"When you need it done the right way"

October 19, 2016

VIA USPS PRIORITY MAIL

Ms. Naomi E. Cecil 3210 Cumberland Road Winston-Salem, NC 27105	Mr. Clarence S. Early 238 York Street Lynchburg, VA 24501
---	---

Re: Wards Ferry Road Improvement Project
Property Owner: Naomi E. Cecil and Clarence S. Early
Property Address: 3150 Wards Ferry Road, Lynchburg, VA 24502
Tax Map No.: 24702040
Parcel No.: 002

Dear Ms. Cecil and Mr. Early:

As we have previously discussed, the City of Lynchburg, Virginia ("CITY") plans to begin construction of the above project soon. In order to do so it is necessary for us to acquire a portion of your property. I have described the portion that the CITY needs to acquire and the impact the construction will have on your remaining property. I have given you a copy of the offer letter, conveyance instrument(s) with plat attached, compensation agreement, right of entry, ID Verification, no lien affidavit, owner/seller affidavit, title report and title update, the road plan sheet(s), profile sheet(s), cross section sheet(s), and an appraisal prepared by a licensed appraiser that establishes our estimate of the value of the property and any other rights that we need to acquire from you.

As of the date of this letter, we still have not been able to reach a mutual agreement on the amount of compensation you will accept in return for voluntarily conveying the land and any necessary rights to the CITY. We have talked about the fact that if we cannot reach an agreement in a timely manner, it will be necessary for the CITY to acquire the property by condemnation. I have explained the condemnation process to you.

Condemnation is not the preferred manner of acquiring property for highway projects and the CITY strives to avoid it whenever possible.

Unfortunately we are now at the point at which we need to either reach agreement or the CITY must begin the condemnation process. As a follow-up to the last contact on 9/21/2016 and in a effort to reach a mutually acceptable resolution and thereby eliminating the necessity for condemnation, I respectfully request that you reconsider the last offer we made. If you feel you cannot accept that offer, I would very much appreciate your communicating to me the minimum amount you would accept in return for voluntarily conveying the needed property and rights to the CITY. I assure you it will receive my prompt attention and consideration and you will receive a prompt reply concerning our ability to accept it.

If I have not heard from you in **two weeks (November 4, 2016)** I will assume that we are not able to reach a mutual agreement and that there is no offer that we are able to make that you would accept. In that event, we will have no other option but to turn this over to the CITY to consider condemnation in order to avoid delaying the project. You will be notified by separate letter if the CITY moves forward with condemnation proceedings.

Please understand that pursuing condemnation is not intended to prohibit any further negotiations. If at any time you feel that there is a mutually acceptable resolution, please let me know so that we can pursue a settlement.

I can be reached at **804.672.1368 ext. 305** or by email at **jdykes@kdrrealestate.com**. A business card with my contact information is enclosed for your ready reference.

Sincerely,



Jefferson L. Dykes, SR/WA
KDR Project Manager

JLD/jm



THE CITY OF LYNCHBURG, VIRGINIA

CITY HALL, 900 CHURCH STREET, LYNCHBURG, VIRGINIA 24504 • (434) 455-3980
Fax (434) 847-9049

OFFICE OF THE CITY ATTORNEY

WALTER C. ERWIN, III
CITY ATTORNEY

ELEANOR A. PUTNAM DUNN
DEPUTY CITY ATTORNEY

SUSAN L. HARTMAN
ASSISTANT CITY ATTORNEY

HOPE R. TOWNES
ASSISTANT CITY ATTORNEY

November 29, 2016

VIA CERTIFIED MAIL

Naomi E. Cecil
3210 Cumberland Road
Winston-Salem, NC 27105

Clarence S. Early
238 York Street
Lynchburg, VA 24501

Re: Acquisition of Easements for the Wards Ferry Road Project

Dear Ms. Cecil and Mr. Early:

The City of Lynchburg is in the process of acquiring the property and easements that are needed for the widening of Wards Ferry Road. The widening of Wards Ferry Road is necessary in order to better serve the citizens of Lynchburg.

As you were previously advised in letters dated August 17, 2016 and October 19, 2016 from representatives of KDR Real Estate Services, in order to widen Wards Ferry Road, the City needs to acquire a portion of the property you own at 3150 Wards Ferry Road and a temporary construction easement.

The fair market value of the property and easement that are needed by the City was determined by an appraiser who made a thorough study of real estate values in the area in which the project is located. The appraiser used the sales comparison approach to determine the market value of your property, and then used the value of your property to determine the market value of the property and easement that are needed by the City. The appraisal determined that the value of the property and easement is \$24,257.00. You were previously provided with a copy of the appraisal report by KDR.

I want to confirm the City's previous offer of \$24,257.00 to acquire the property and easement. If you are willing to convey the property and easement to the City for the Wards Ferry Road project, you can contact either Maggie Cossman, the City's Transportation Engineer, at her office telephone number (434) 455-3935 or myself, within 15 days of your receipt of this letter and advise us of your

willingness to accept the City's offer. Upon your acceptance of the City's offer, the City Attorney's Office will prepare the necessary documents for your review.

If you are not willing to accept the City's offer, the City will have to proceed with the acquisition of the property and easement through the use of eminent domain. I anticipate that City Council will be asked to approve the use of eminent domain to acquire the property and easement at its January 10, 2017 meeting. While the City prefers not to use eminent domain to acquire property and easements, it is important that the start of the project not be delayed and the City will need to use eminent domain to acquire the property and easement in order that the project can proceed in a timely manner.

Should you have any questions about my letter, please do not hesitate to contact me.

Sincerely,

Walter C. Erwin
City Attorney

cc: Maggie Cossman, Transportation Engineer

PROJECT MANAGER: Walter J. Williams, P.E. (434) 655-3851
 SURVEYED BY: DATE TOP D. Williams (434) 522-2222, WJW & WJW
 DESIGN BY: Walter J. Williams, P.E. (434) 655-3851, WJW
 SUBSURFACE UTILITY BY: DATE WJW (434) 655-3851, WJW

PARCEL NUMBER	FEE TAKE	PRESCRIPTIVE	PERMANENT	VERTICAL	DOWNY	TEMPORARY	TEMPORARY ENTRANCES
001	SO. FT.	SO. FT.	SO. FT.	SO. FT.	SO. FT.	SO. FT.	SO. FT.
002	475 SF						
003	708 SF					6228 SF	

General Notes:

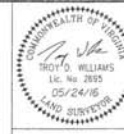
1. I HEREBY CERTIFY THAT THIS PLAN SHEET COMPLIES WITH THE MINIMUM STANDARDS AND PROCEDURES AS ESTABLISHED BY THE VIRGINIA DEPARTMENT OF TRANSPORTATION'S LOCATION AND DESIGN DIVISION.
2. THE PROPERTY LINE INFORMATION SHOWN ON THIS PLAN SHEET IS COMPILED FROM RECORD DATA AND LIMITED FIELD MEASUREMENTS. THIS COMPILED MAP OF RECORD PARCELS DOES NOT REPRESENT A BOUNDARY SURVEY.
3. THIS COMPILED PLAN SHEET WAS ASSEMBLED WITHOUT THE BENEFIT OF TITLE REPORTS AND MAY NOT SHOW ALL EASEMENTS WHICH MAY AFFECT THE PROPERTY HEREON.

LEGEND:

- - PROPOSED RIGHT OF WAY MONUMENT (RM2)
- 0.00' - PROPOSED RIGHT OF WAY
- 0.00' - PROPOSED PERMANENT EASEMENTS
- 0.00' - PROPOSED PERMANENT UTILITY EASEMENTS
- 0.00' - PROPOSED TEMPORARY EASEMENTS
- 0.00' - PROPOSED PERMANENT JOINT USE UTILITY EASEMENTS

R.W. PLANS

THESE PLANS ARE UNFINISHED
AND ARE NOT TO BE USED FOR
ANY TYPE OF CONSTRUCTION.



Hull & Poff Inc.
Lynchburg, Virginia
LAND SURVEYOR

REVISION	STATE	ROUTE	PROJECT	SHEET NO.
	VA.		U000-118-R31, R201, C501	3RW

DESIGN FEATURES RELATING TO CONSTRUCTION OR TO REGULATION AND CONTROL OF TRAFFIC MAY BE SUBJECT TO CHANGE AS DEEMED NECESSARY BY THE DEPARTMENT

YOUR PROJECT
U000-118-R31, R201, C501

MATCHLINE - SEE SHEET NO. 3DRW COPLEY PL. STA 2+25.00

PAUL K. MCDANIEL &
SHERRY C. MCDANIEL

TW* 24700042
DB. 533, PG. 568
DB. 533, PG. 571
PC. 11.54.82

Curve C400
PI* 1172.13
DELTA * 3° 21' 00.00" (LT)
D * 22' 55' 06"
T * 17.31'
L * 146.2'
PC * 250.00'
PT * 1179.44

CHARLIE W. HOLLOWAY &
WILLIAM A. ANDERSON

TW* 24702038
DB. 676, PG. 187
DB. 676, PG. 187
PC. 11.64.82

CLINTON SCOTT, JR., RONNIE E.
SCOTT, WILLIE L. SCOTT, HEYWOOD
S. SCOTT, LARRY GREEN, JR. AND
CHOWAN GREEN

TW* 24702041
DB. 1037, PG. 782
DB. 1037, PG. 782
PC. 11.64.82

NAOMI E. CECIL AND
CLARENCE S. EARLY

TW* 24702040
DB. 676, PG. 187
DB. 676, PG. 187
PC. 11.64.82

WARDS FERRY CONSTR. BL.

POT 100+00.00 (Ward's Ferry Rd.)
N: 365749.52
E: 11271850.5
PC 102+29.22
N: 365623894
E: 112719416

CITY OF LYNCHBURG

TW* 24827001
DB. 533, PG. 568
DB. 533, PG. 571
PC. 11.54.82

POT STA 103+06.11
POT STA 104+00.00 COPLEY PL.
D * 87° 22' 21" LT

Curve C101
PI* 103+44.70
DELTA * 17° 14' 09.24" (LT)
D * 71.19'
T * 115.49'
L * 229.23'
R * 768.00'
PC * 102+29.22
PT * 104+58.44
LI * 42'
E * 2.02'
V * 40mph

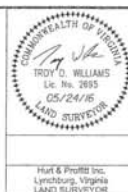
SCALE
0 25' 50'

PROJECT
U000-118-R31

SHEET NO.
3RW

PROJECT: MANAGER Maple Meadows P.E. 4341 05/13/2005
 SURVEYED BY: DATE 10/06/2005 L.S. 502-7083, 01/06/06, 01/06/06
 DESIGN BY: WATSON, A. J. 05/13/2005 L.S. 502-7083, 01/06/06, 01/06/06
 SUBSURFACE UTILITY BY: DATE 10/06/2005 L.S. 502-7083, 01/06/06, 01/06/06

PARCEL NUMBER	FEE TAXE	PRESCRIPTIVE	PERMANENT	VERTICAL	DOMINION	TEMPORARY	TEMPORARY ENTRANCES
001	SQ.FT.	SQ.FT.	SQ.FT.	SQ.FT.	SQ.FT.	SQ.FT.	SQ.FT.
004	420.00	420.00	420.00	420.00	420.00	420.00	420.00
005	32.54	32.54	32.54	32.54	32.54	32.54	32.54

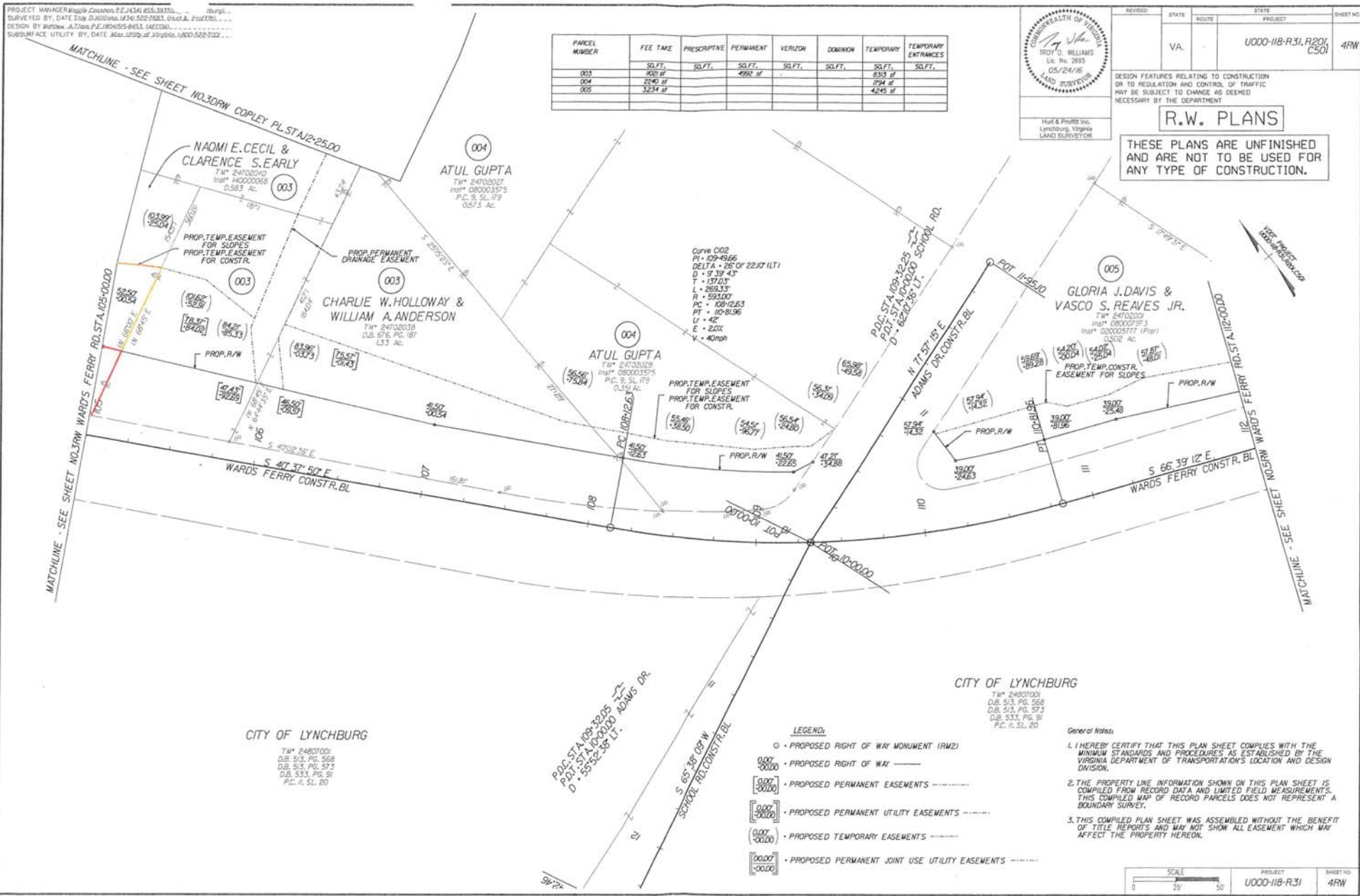


REVISED	STATE	ROUTE	PROJECT	SHEET NO.
	VA.		U000-118-R31, R201, C501	4RW

DESIGN FEATURES RELATING TO CONSTRUCTION OR TO REGULATION AND CONTROL OF TRAFFIC MAY BE SUBJECT TO CHANGE AS DEEMED NECESSARY BY THE DEPARTMENT

R.W. PLANS

THESE PLANS ARE UNFINISHED AND ARE NOT TO BE USED FOR ANY TYPE OF CONSTRUCTION.



FINANCE COMMITTEE AGENDA

**Tuesday, December 13, 2016
11:30 a.m. – Bidder's Room**

GENERAL BUSINESS

11:30 a.m.

1. Approval of the Draft Finance Committee Meeting Notes from November 22, 2016.

Contact: Donna Witt, Director of Financial Services 455-3968

11:35 a.m.

2. Report on the General Fund Reserve for Contingencies.

Contact: Donna Witt, Director of Financial Services 455-3968

11:40 a.m.

3. Consider a request to adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$50,000 with resources from the 2016 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund equipment and training for the Fire Department Technical Rescue Team.

Contact: Fire Chief Steven B. Ferguson 455-46340

11:45 a.m.

4. Consider a request to adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$27,700 with resources from the 2016 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund equipment for the Fire Department Hazardous Materials (Haz-Mat) Team.

Contact: Fire Chief Steven B. Ferguson 455-46340

11:50 a.m.

5. Consider a request to adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$35,000 with resources from the 2016 State Homeland Security Program (SHSP) Grant to purchase a Crisis Response Throw Phone System for the LPD Crisis Negotiations Team (CNT).

Contact: Major Todd Swisher, Police Department 455-6154

11:55 a.m.

6. Consider a request to adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget to appropriate \$42,150 with funding from the 2016 Hazardous Materials Emergency Preparedness Grant (HMEP) to conduct a commodity flow study for the City of Lynchburg.

Contact: Melissa D. Foster, Director of Emergency Services 455-4285

12:00 p.m.

7. Consider a request to adopt a resolution to amend the FY 2017 General Fund budget and appropriate \$12,200 with resources from the General Fund Reserve for Contingencies to provide funding to the Electoral Board/Registrar's Office for estimated costs for the January 10, 2017 Senate of Virginia Special Election.

Contact: Karen D. Patterson, Registrar 477-5995

12:05 p.m.

8. Consider a request to adopt a resolution to amend the FY 2017 General Fund budget and appropriate \$200,000 with resources from the Academy Center of the Arts Committed Fund Balance reserve for payment to the Academy Center of the Arts.

Contact: Donna Witt, Director of Financial Services

455-3968

12:10 a.m.

9. Roll Call

The next Finance Committee meeting is Tuesday, January 24, 2017, at 11:30 a.m.

FINANCE COMMITTEE NOTES-- DRAFT
Tuesday, November 22, 2016

GENERAL BUSINESS

Meeting commenced at 11:30 a.m.

ATTENDEES

Committee Members: Council Member Jeff S. Helgeson, Chair; Council Member Randy Nelson; Council Member Mary Jane Dolan; Mayor Joan Foster, Ex-Officio

Others: Bonnie Svrcek, City Manager; Charles Hartgrove, Deputy City Manager; Donna Witt, Director of Financial Services; Starlette Early, Budget Analyst

1. Approval of the Draft Finance Committee Meeting Notes from September 22, 2016

The Finance Committee meeting notes for September 22, 2016 were unanimously approved as submitted.

2. Report on the General Fund Reserve for Contingencies

Donna Witt reported there were no new items. The balance of the FY 2017 General Fund Reserve for Contingencies is \$1,147,455, including \$50,000 in the City Manager's Discretionary Funding.

3. Consider a request to adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget to appropriate \$2,800 with funding from the Virginia Wireless E-911 Services Board FY 2015 Public Safety Answering Point Grant Program to install Centralized Automatic Message Accounting (CAMA) module card equipment and configure two (2) trunks at the Department of Emergency Services Emergency Communications Center.

The Committee unanimously approved this item. This item will be considered by City Council on December 13, 2016.

4. Consider a request to adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget to appropriate \$150,000 with funding from the Virginia Wireless E-911 Services Board FY 2017 Public Safety Answering Point Grant Program to upgrade the existing Call Handling Equipment (CHE) system at the Department of Emergency Services.

The Committee unanimously approved this item. This item will be considered by City Council on December 13, 2016.

5. Approve the submittal of a grant application for the 2016 - 2017 Department of Criminal Justice Services (DCJS) Policing in the 21st Century Grant for the amount of \$20,000 (\$18,000) and a 10% in-kind match (\$2,000) from the Boys and Girls Club Empowerment Center to expand upon the Street Smart Program in partnership with the Boys and Girls Club and the Lynchburg City Schools.

The Committee unanimously approved this item.

6. Approve the submittal of a grant application to the Virginia Office of Emergency Medical Services – Rescue Squad Assistance Fund (RSAF) for \$104,520 with resources of \$83,616 from the RSAF grant and \$20,904 from the FY 2017 General Fund Fire Department budget to purchase two (2) LifePak 15 cardiac monitors and two (2) Power Pro stretchers for the Fire Department.

The Committee unanimously approved this item.

7. Review highlights of attached quarterly financial reports for the Greater Lynchburg Transit Company (GLTC) as well as the Regional Airport, Lynchburg Regional Juvenile Detention Center, Comprehensive Services Act, Water Operating, Sewer Operating, Stormwater Operating, and General Funds for the quarter ending June 30, 2016.

GLTC: Josh Baker had no additional information to report since providing a report at the annual meeting of GLTC.

Airport: Mark Courtney reported the Airport Fund ended FY 2016 financially strong and is the third or fourth busiest in the Commonwealth. This is the first full year without a subsidy from the City, and they do not anticipate needing a subsidy for the foreseeable future. He noted operating revenues were up 6.5% and expenses down 5%. Flights and seat capacity are trending upwards 1%, while there is relatively flat passenger traffic growth. They experienced record revenue increases in vehicle parking and rental car concessions for FY 2016.

Lynchburg Regional Juvenile Detention Center: Tamara Rosser noted the number of detainees determine the revenues received; average number of juveniles served per day through fourth quarter of FY 2016 was 13.57 compared to 19.54 in FY 2015. Expenditures are within budget. She reported the Prison Rape Elimination Act (PREA) impacts staffing patterns. The City has signed a contract with the State for serving detainees committed with the State. This should increase revenues beginning the first quarter of FY 2017 as revenue is received for an 8-bed service and does not reflect actual number served.

Children's Services Act (CSA): Tamara Rosser reported expenses are higher in mandated services for Foster Care and Special Education due to an increase in the population. Increased enrollments at private day placements such as Rivermont School, Bridges, and New Vistas School impact the expenses for Special Education, in addition to students attending for longer periods of time. Non-mandated expenditures were below budget for FY 2016 as a result of the increase in the mandated population.

Water: Tim Mitchell reported overall revenues increased as a result of higher water connections in the quarter ending June 30, 2016, despite a decrease in actual water consumption. Water contracts were higher than budgeted overall, but Bedford County revenues continue to decrease. Overall the fund reflects a stable FY 2016 financial position and financial ratios exceed financial policies. He noted Emergency Services in Amherst County requested use of water from Pedlar Reservoir to fight the recent wildfires in the area.

Sewer: Tim Mitchell reported revenues overall were up almost \$600,000 than budgeted, primarily due to treating leachate. Overall expenses are down due to how they treat and dispose of sludge. Overall financial ratios are above target for this fund.

Stormwater: Tim Mitchell reported overall revenues are within budget and expenses are down by \$332,000 due to savings in supplies and materials and contractual services. The fourth quarter reflected a stable FY 2016 financial position for the fund.

General Fund: Donna Witt had no new information to report since the briefing provided to Council at the City Council retreat.

8. Receive a report on the FY 2016 Write-Off of Uncollectible Accounts Receivable.

Donna Witt reviewed the Accounts Receivable policy that was established to write-off uncollectable accounts. She noted the total write-off was 1.18 % (\$1,113,556.83) of total Accounts Receivable and delinquent ambulance accounts represented the largest category. The Committee questioned the number of parcels that were represented in the write-off for Real Estate and staff will research those details.

9. Review collections received from five of the City's largest revenue sources.

Donna Witt indicated there were no changes from her report given to Council at their recent retreat. She noted most revenues are flat, and staff is not seeing the growth that was anticipated.

10. Roll Call

Council Member Nelson inquired whether there was additional information regarding Air Bed and Breakfast (Air B&B) regulations in lodging taxation and staff reported there was no new information. Air B&B's continue to be off the radar for transient occupancy taxes.

Meeting adjourned at 12:33 p.m.

The next Finance Committee meeting is Tuesday, December 13, 2016, at 11:30 a.m.

FY 2017 GENERAL FUND RESERVE FOR CONTINGENCIES

	Reserve for Contingencies	City Manager's Discretionary Funding
BEGINNING BALANCE, JULY 1, 2016	\$1,150,000	\$50,000
Carryforward to FY 2017 Reserve for Contingencies - 05/24/16 Council Meeting	0	
BALANCE	\$1,150,000	\$50,000
APPROPRIATIONS (Second Reading)		
Case Management Software System- Office of Commonwealth's Attorney - 08/09/16 Council Meeting	\$52,545	
TOTAL APPROPRIATIONS	\$52,545	\$0
REMAINING BALANCE	\$1,097,455	\$50,000
ITEMS INTRODUCED		
Electoral Board/Registrar - Senate of Virginia Special Election - 12/13/16 Finance Committee and Council Meeting	\$12,200	
TOTAL INTRODUCED ITEMS	\$12,200	\$0
REMAINING BALANCE	\$1,085,255	\$50,000
PENDING ITEMS		
TOTAL PENDING ITEMS	\$0	\$0
PROJECTED BALANCE	\$1,085,255	\$50,000

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **January 10, 2017**

AGENDA ITEM #: **3**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: 2016 State Homeland Security Program (SHSP) grant: \$50,000 for the Fire Department Technical Rescue Team

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☒ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$50,000 with resources from the 2016 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund equipment and training for the Fire Department Technical Rescue Team.

SUMMARY: The Virginia Department of Emergency Management is administering this grant from the Department of Homeland Security (DHS) through the State Homeland Security Program (SHSP). The grant program provides funding to improve the nation's readiness in preventing, protecting against, responding to, recovering from and mitigating terrorist attacks, major disasters and other emergencies. The grant reflects DHS's focus on implementation of an all-of-nation, whole-community approach to the building, sustainment, and delivery of those core capabilities essential to achieving a secure and resilient nation.

The Fire Department was awarded \$50,000 to be utilized by the Technical Rescue Team. The funds will be used for Swiftwater Rescue training and equipment such as water rescue Personal Protective Equipment (PPE), cameras, rescue operations hardware, and a rescue sled.

This grant is 100% reimbursable; no local match is required.

PRIOR ACTION(S):

Finance Committee, December 13, 2016

FISCAL IMPACT: None – No local match is required. Future funds may be needed for periodic maintenance of the equipment purchased.

CONTACT(S):

Fire Chief Steven B. Ferguson, 455-6340

Deputy Chief Greg Wormser, 455-6340

Ellen Davidson-Martin, Fire Administrative Manager, 455-6368

ATTACHMENT(S):

Resolution

Grant Agreement

REVIEWED BY:

RESOLUTION:

BE IT RESOLVED that the FY 2017 City/Federal/State Aid Fund budget is amended and \$50,000 is appropriated with resources from the 2016 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund equipment and training for the Fire Department Technical Rescue Team.

Introduced:

Adopted:

Certified:

Clerk of Council



Virginia Department of Emergency
Management

10501 Trade Court
North Chesterfield, VA 23236

GRANT AGREEMENT

Page 1 of 3

1. SUBRECIPIENT NAME AND ADDRESS:

Lynchburg City
900 Church Street, 3rd Floor
Lynchburg, VA 24504

4. SUBAWARD DATE: November 15, 2016

5. PROJECT PERIOD: FROM 09/01/2016 TO 03/31/2018
BUDGET PERIOD: FROM 09/01/2016 TO 03/31/2018

6. TOTAL AMOUNT OF THIS SUBAWARD \$50,000.00

2. SUBRECIPIENT DUNS Number:

01-0038073

SUBRECIPIENT EIN:

54-6001405

7. FEDERAL AMOUNT OF THIS SUBAWARD \$50,000.00

8. SUBRECIPIENT NON-FEDERAL COST SHARE
REQUIREMENT \$ 0.00

9. INDIRECT COST RATE (If applicable): N/A

3. PASS-THROUGH ENTITY: Virginia Department of Emergency Management
SUBAWARD NAME: **FY 2016 State Homeland Security Program (SHSP)**
CFDA: 97.067 – Homeland Security Grant Program (HSGP)
U.S. Department of Homeland Security (DHS)
Federal Emergency Management Agency (FEMA)

10. STANDARD TERMS AND CONDITIONS & SPECIAL CONDITIONS

The above subaward is approved subject to the FY 2016 Department of Homeland Security (DHS) Standard Terms and Conditions and VDEM Special Conditions as set forth on the attached pages.

11. APPROPRIATION AUTHORITY FOR GRANT

The project is supported under the *Department of Homeland Security Appropriations Act, 2016 (Public Law No. 114-113)*.

12. METHOD OF PAYMENT

Commonwealth of Virginia Cardinal Accounting System

AGENCY APPROVAL

SUBRECIPIENT ACCEPTANCE

13. TYPED NAME AND TITLE OF APPROVING VDEM OFFICIAL

Jeffrey D. Stern Ph.D.
State Coordinator

14. TYPED NAME AND TITLE OF AUTHORIZED SUBRECIPIENT
OFFICIAL

Bonnie Svrcek
City Manager

15. SIGNATURE OF APPROVING VDEM OFFICIAL

16. SIGNATURE OF AUTHORIZED SUBRECIPIENT OFFICIAL

DATE 11/16/16.

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **January 10, 2017**

AGENDA ITEM #: **4**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: 2016 State Homeland Security Program (SHSP) grant: \$27,700 for the Fire Department Hazardous Materials Team

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☒ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$27,700 with resources from the 2016 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund equipment for the Fire Department Hazardous Materials (Haz-Mat) Team.

SUMMARY: The Virginia Department of Emergency Management is administering this grant from the Department of Homeland Security (DHS) through the State Homeland Security Program (SHSP). The grant program provides funding to improve the nation's readiness in preventing, protecting against, responding to, recovering from and mitigating terrorist attacks, major disasters and other emergencies. The grant reflects DHS's focus on implementation of an all-of-nation, whole-community approach to the building, sustainment, and delivery of those core capabilities essential to achieving a secure and resilient nation.

The Fire Department was awarded \$27,700 to be utilized by the Haz-Mat Team. The funds will be used for Personal Protective Equipment (PPE) and communication devices for team members.

This grant is 100% reimbursable; no local match is required.

PRIOR ACTION(S):

Finance Committee, December 13, 2016

FISCAL IMPACT: None – No local match is required. Future funds may be needed for periodic maintenance of the equipment purchased.

CONTACT(S):

Fire Chief Steven B. Ferguson, 455-6340

Deputy Chief Greg Wormser, 455-6340

Ellen Davidson-Martin, Fire Administrative Manager, 455-6368

ATTACHMENT(S):

Resolution

Grant Agreement

REVIEWED BY:

RESOLUTION:

BE IT RESOLVED that the FY 2017 City/Federal/State Aid Fund budget is amended and \$27,700 is appropriated with resources from the 2016 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS) to fund equipment for the Fire Department Hazardous Materials (Haz-Mat) Team.

Introduced:

Adopted:

Certified:

Clerk of Council



Virginia Department of Emergency
Management

10501 Trade Court
North Chesterfield, VA 23236

GRANT AGREEMENT

Page 1 of 3

1. SUBRECIPIENT NAME AND ADDRESS:

Lynchburg City
900 Church Street, 3rd Floor
Lynchburg, VA 24504

4. SUBAWARD DATE: November 15, 2016

5. PROJECT PERIOD: FROM 09/01/2016 TO 03/31/2018
BUDGET PERIOD: FROM 09/01/2016 TO 03/31/2018

6. TOTAL AMOUNT OF THIS SUBAWARD \$27,700.00

2. SUBRECIPIENT DUNS Number:

01-0038073

SUBRECIPIENT EIN:

54-6001405

7. FEDERAL AMOUNT OF THIS SUBAWARD \$27,700.00

8. SUBRECIPIENT NON-FEDERAL COST SHARE
REQUIREMENT \$ 0.00

9. INDIRECT COST RATE (If applicable): N/A

3. PASS-THROUGH ENTITY: Virginia Department of Emergency Management
SUBAWARD NAME: **FY 2016 State Homeland Security Program (SHSP)**
CFDA: 97.067 – Homeland Security Grant Program (HSGP)
U.S. Department of Homeland Security (DHS)
Federal Emergency Management Agency (FEMA)

10. STANDARD TERMS AND CONDITIONS & SPECIAL CONDITIONS

The above subaward is approved subject to the FY 2016 Department of Homeland Security (DHS) Standard Terms and Conditions and VDEM Special Conditions as set forth on the attached pages.

11. APPROPRIATION AUTHORITY FOR GRANT

The project is supported under the *Department of Homeland Security Appropriations Act, 2016 (Public Law No. 114-113)*.

12. METHOD OF PAYMENT

Commonwealth of Virginia Cardinal Accounting System

AGENCY APPROVAL

SUBRECIPIENT ACCEPTANCE

13. TYPED NAME AND TITLE OF APPROVING VDEM OFFICIAL

Jeffrey D. Stern Ph.D.
State Coordinator

14. TYPED NAME AND TITLE OF AUTHORIZED SUBRECIPIENT
OFFICIAL

Bonnie Svrcek
City Manager

15. SIGNATURE OF APPROVING VDEM OFFICIAL

16. SIGNATURE OF AUTHORIZED SUBRECIPIENT OFFICIAL

DATE

11/16/16

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **5**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: 2016 Virginia Department of Emergency Management (VDEM)- State Homeland Security Program (SHSP) Grant

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☒ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$35,000 with resources from the 2016 State Homeland Security Program (SHSP) Grant to purchase a Crisis Response Throw Phone System for the LPD Crisis Negotiations Team (CNT).

SUMMARY: The Lynchburg Police Department has been awarded \$35,000 through a competitive grant process with the Virginia Department of Emergency Management (VDEM) State Homeland Security Program (SHSP) to purchase a replacement Crisis Response Throw Phone System for the Crisis Negotiations Team (CNT). Total equipment cost is \$35,000.00 which is fully reimbursable by the grant; no local matching funds are required.

PRIOR ACTION(S):

Finance Committee, December 13, 2016

FISCAL IMPACT:

None, no local match is required

CONTACT(S):

Police Chief Raul Diaz, 455-6104
Captain R.S. Trent, 455-6182

ATTACHMENT(S): Resolution

REVIEWED BY:

RESOLUTION:

BE IT RESOLVED that the FY 2017 City/Federal/State Aid Fund budget is amended and \$35,000 is appropriated with resources of \$35,000 from the Virginia Department of Emergency Management (VDEM) 2016 State Homeland Security Program (SHSP) to purchase a Crisis Response Throw Phone System for the LPD Crisis Negotiations Team (CNT).

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **6**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: 2016 Hazardous Materials Emergency Preparedness Grant

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☒ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget to appropriate \$42,150 with funding from the 2016 Hazardous Materials Emergency Preparedness Grant (HMEP) to conduct a commodity flow study for the City of Lynchburg.

SUMMARY: The Department of Emergency Services has applied for the 2016 HMEP grant on behalf of the Local Emergency Planning Committee (LEPC) to conduct a commodity flow study. The study will provide the LEPC and the City with information about the types of hazardous materials that are being transported on the arterial highways through the City including 29, 501 and 460. This information will allow first responders to better prepare for incidents involving these hazardous material in the future.

A grant application was submitted to the Virginia Department of Emergency Management which distributes the HMEP grant from the U.S. Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA) Notification was received that the grant has been awarded and the funds were available on November 15, 2016.

PRIOR ACTION(S): Finance Committee, December 13, 2016

FISCAL IMPACT: The grant requires a 20% match of \$8,430. Water Resources (\$4,215), the Fire Department (\$2,108) and the Police Department (\$2,108) have agreed to partner with the LEPC to cover the match.

CONTACT(S): Melissa D. Foster, Director of Emergency Services, 455-4285
Jennifer E. Maul, Deputy Director of Emergency Services, 455-4149

ATTACHMENT(S): Resolution
Grant Award Letter

REVIEWED BY: bms

RESOLUTION:

BE IT RESOLVED that the FY 2017 City/Federal/State Aid Fund is amended and \$42,150 is appropriated with funding from the 2016 Hazardous Material Emergency Preparedness Grant to conduct a commodity flow study on the hazardous materials transported through the City.

Introduced:

Adopted:

Certified:

Clerk of Council

COPY



COMMONWEALTH of VIRGINIA

Department of Emergency Management

JEFFREY D. STERN, Ph. D.
State Coordinator

BRETT A. BURDICK
Chief Deputy Coordinator

SUSAN L. MONGOLD
Deputy Coordinator

10501 Trade Court
North Chesterfield, Virginia 23236-3713
(804) 897-6500
(TDD) 674-2417
FAX (804) 897-6506

November 15, 2016

Ms. Bonnie Svreck
City Manager
City of Lynchburg
900 Church Street
Lynchburg, Virginia 24504

RE: 2016 Hazardous Materials Emergency Preparedness (HMEP) Grant

Dear Ms. Svreck:

The Virginia Department of Emergency Management (VDEM) is pleased to announce the allocation of a **2016 Hazardous Materials Emergency Preparedness Grant (HMEP) (CFDA # 20.703)** from the U.S. Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA). Appropriation authority for this program is Title 49 - Transportation Subtitle B Part 110 - Hazardous Materials Public Sector Training and Planning Grants. Your locality has been allocated funding for:

Project Title: Commodity Flow Study

Obligation Period: September 1, 2016 to March 31, 2018

Total Grant Award: \$42,150

Funds will be formally awarded to your locality through a Grant Agreement issued by VDEM upon its satisfactory review of your application package submission and approval of a budget application in VDEM's Electronic Grants Management System (eGMS).^{*} You must initiate these steps, described under *Accessing Your Allocation*, within 30 days from the date of this notification.

"Working to Protect People, Property and Our Communities"

Ms. Svreck
November 15, 2016
Page 3

Step 1: Complete these documents and submit electronically as one package to your Grants Administrator:

- Point of Contact (POC) Form
- FEMA Environmental and Historic Preservation (EHP) Screening Form
 - All projects must comply with EHP requirements. Sub-recipients must not obligate and/or expend any (federal and/or non-federal matching) funds on any project having the potential to impact environments planning and historical preservation resources without the prior approval of FEMA. For more information, please visit <http://www.vaemergency.gov/em-community/grants/> or contact your Grants Administrator.
- Assurances- Non-construction Form
- FEMA 20-16C Form
- SF-LLL – Certification Regarding Lobbying Form

Step 2: Log in to the VDEM Electronic Grants Management System (eGMS) at <https://www.ttegms.com/virginia/login.cfm> to complete and submit a budget application for your allocation. If you do not have access to eGMS, please contact your Grants Administrator.

[Click on Grant Management, Budget Application, from the drop-down menu. Click the link named FY 2016 State Homeland Security Program (SHSP) to complete your budget application.]

Notification of budget approval will be sent through an eGMS automated email message to the sub-recipient point of contact entered in the budget application.

Reporting

Sub-recipients are obligated to submit quarterly progress reports as a condition of their award. The report, which can be found at <http://www.vaemergency.gov/em-community/grants/all-grant-forms> must report on progress towards implementing plans described in the funding proposal and the approved budget. Reports must be submitted to your Grants Administrator by email within 15 days following the end of the quarter.

Within 30 days after the end of the period of performance, sub-recipients must submit a final progress report detailing all accomplishments throughout the period of performance. After the report has been reviewed and approved by the Grants Office, a close-out notice will be issued which will indicate the period of performance as closed, list any remaining funds that will be deobligated, and address the record retention requirements for grant records. The sub-recipient must return any funds that have been drawn down, but remain unliquidated in its financial records.

Ms. Svreck
November 15, 2016
Page 4

Please initiate the steps described under *Accessing Your Allocation* within 30 days from the date of this notification. If you have any questions regarding this award, please contact Anna Walker in the Grants Office at (804) 897-9966 or Anna.Walker@vdem.virginia.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey D. Stern". The signature is stylized with a large initial "J" and a cursive "S".

Jeffrey D. Stern Ph.D.

JDS/aw

cc: Jack King
Bruce Sterling

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **7**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Electoral Board/Registrar's Request for Supplemental Funding

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☒ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☐ Safe Community	☐ Social Equity	☐ Transportation
			☒ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 General Fund budget and appropriate \$12,200 with resources from the General Fund Reserve for Contingencies to provide funding to the Electoral Board/Registrar's Office for estimated costs for the January 10, 2017 Senate of Virginia Special Election.

SUMMARY: Pursuant to § 24.2-216 of the Code of Virginia, the City of Lynchburg is required to hold an election on Tuesday, January 10, 2017, to fill the vacancy in the Senate of Virginia from the Twenty-Second Senate District. The vacancy will occur in the Senate of Virginia from the Twenty-Second Senate District, composed of Amherst County, Appomattox County, Buckingham County, Cumberland County, Fluvanna County, Goochland County, Prince Edward County, part of Louisa County, and part of the City of Lynchburg, occasioned by the receipt of notification of the resignation of The Honorable Thomas A. Garrett, Jr.

The City's Registrar requests City Council appropriate \$12,200 to cover the estimated costs associated with this special election. Costs include an estimated \$530 for additional Registrar's Office staffing, \$6,500 for election official pay, \$2,500 for election software programming, \$1,500 for ballot printing, \$100 for postage, \$450 for precinct supplies, \$200 for the required legal notice in the newspaper, \$120 for election day mileage for Electoral Board and Deputy Registrar, and \$300 for election day food services.

PRIOR ACTION(S): Finance Committee, December 13, 2016

FISCAL IMPACT: \$12,200 from the FY 2017 General Fund Reserve for Contingencies

CONTACT(S): Karen D. Patterson, Registrar, 477-5995

ATTACHMENT(S): Resolution

REVIEWED BY: bms

RESOLUTION:

BE IT RESOLVED that the FY 2017 General Fund budget is amended and \$12,200 is appropriated with resources from the General Fund Reserve for Contingencies to provide funding to the Electoral Board/Registrar's Office for estimated costs for the January 10, 2017 Senate of Virginia Special Election.

Introduced:

Adopted:

Certified:

Clerk of Council

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **8**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Academy Center of the Arts

Strategic Pillar(s) Impacted:

☒ Arts & Culture	☐ Citizen Engagement & Social Capital	☒ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☐ Safe Community	☐ Social Equity	☐ Transportation
			☒ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 General Fund budget and appropriate \$200,000 with resources from the Academy Center of the Arts Committed Fund Balance reserve for payment to the Academy Center of the Arts.

SUMMARY: Pursuant to the April 1, 2016 Agreement between the City, the Lynchburg Economic Development Authority and the Academy Center of the Arts, Inc., the City agreed to provide \$200,000 in the FY 2017 budget toward the Historic Theatre restoration. City Council set aside \$200,000 for the Academy Center of the Arts with funding from the Tourism Department Operating Budget from existing Lodging Tax Revenue. Per the Agreement, the funds were to be paid upon the completion of the Academy's fundraising campaign and the Academy finalizing and executing a guaranteed maximum price construction contract for Phase 2 of the construction of the Historic Theatre and its associated improvements. In the FY 2017 Adopted Budget, City Council placed the funds into a Committed Fund Balance until the requirements were met.

The Academy has provided a written notice and confirmation letter dated December 2, 2016 that the requirements of the Agreement have been met and they are requesting the \$200,000 be paid. In order for the funds to be released, the \$200,000 needs to be appropriated.

PRIOR ACTION(S): April 1, 2016 Agreement

FISCAL IMPACT: Use of \$200,000 from the Academy Center of the Arts Committed Fund Balance reserve.

CONTACT(S): Donna Witt, Director of Financial Services, 455-3968.

ATTACHMENT(S): Academy's written notice and confirmation letter dated December 2, 2016
Resolution

REVIEWED BY: bms

RESOLUTION:

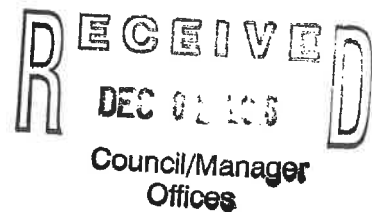
BE IT RESOLVED that the FY 2017 General Fund Budget is amended and \$200,000 is appropriated with resources from the Academy Center of the Arts Committed Fund Balance reserve for payment to the Academy Center of the Arts.

Introduced:

Adopted:

Certified:

Clerk of Council



December 2, 2016

by hand

Board of Trustees

Officers

R. Sackett Wood
Mary Dalton
Dr. James W. Wright
John A. Timmons, Jr.
Theodore J. Dalheim, Jr.

Trustees

Derrick Brown
Tony Camm
George W. Dawson
John W. Francisco, Esq.
Dr. Sarah Hellewell
Dr. William A. Hobbs, Jr.
Roger Keeling
Dr. William R. Kershner
David E. Mass
Jean T. Meeks
Gary M. Mignogna
Perry Payne Millner
Elaine Passman
Dr. Larry H. Redmond
Dustin Slightham
Shaun Spencer-Hester
Robert B. Taylor, Jr.
Luke Towles
Anitra B. Webster
Phyllis Workman
George R. Zippel

Executive Director

Geoffrey Kershner

**Director of
Development**
Beth Doyle

434 528 3256
600 Main Street
Lynchburg, VA 24504
academycenter.org

Bonnie Svrcek
City Manager, City of Lynchburg
900 Church Street
Lynchburg, Virginia 24504

H. Michael Lucado, Chair
Lynchburg Economic Development Authority
900 Church Street
Lynchburg, VA 24504

Dear Ms. Svrcek and Mr. Lucado,

Pursuant to the April 1, 2016 Agreement between the City of Lynchburg, Virginia (the "City") the Economic Development Authority of the City of Lynchburg (the "Authority") and the Academy Center of the Arts, Inc. (the "Academy"), we are hereby requesting the FY2017 contributions of \$200,000 from the City and \$200,000 from the Authority. This request is sent and delivered to the parties as specified in paragraph 6 of this Agreement.

As noted in the Agreement, the City and the Authority will provide funding to the Academy according to a schedule outlined in paragraph 1. Each contribution is to be provided on or before August 1st of the City's fiscal year provided that the requirements of paragraph 2 of the Agreement are fully met.

Please accept this letter as the Academy's written notice and confirmation to both the City and the Authority that the requirements of paragraph 2 of the aforesaid Agreement have been fully met and satisfied by the Academy specifically:

- The Academy Theatre Capital Campaign (which began on October 1, 2012) has been concluded and did successfully receive pledges and donations in excess of \$16.6 million.
- The Academy and Jamerson-Lewis Construction have finalized and executed a Guaranteed Maximum Price (GMP) construction contract for Phase 2 of the construction of the Historic Theatre and its associated improvements. This contract is consistent with the budget and timeline for the Project.

December 2, 2016
Ms. Svrcek & Mr. Lucado
Page Two

On behalf of the Academy Board of Trustees, please accept our sincere thanks for the key role that the City and the Authority played in making this project a reality.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Sackett Wood". The signature is fluid and cursive, with the first name "R." being small and the last name "Wood" being larger and more prominent.

R. Sackett Wood
President, Board of Trustees

cc: Geoffrey Kershner
Walter Erwin
Ted Craddock

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **1**

CONSENT:
ACTION:

REGULAR:
INFORMATION:

WORK SESSION: **X**

CLOSED SESSION:
(Confidential)

**ITEM TITLE: Presentation of the FY 2016 Comprehensive Annual Financial Report (CAFR)
and Related Reports**

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☐ Safe Community	☐ Social Equity	☐ Transportation
			☒ Administrative

RECOMMENDATION: Hear a presentation on the FY 2016 Comprehensive Annual Financial Report from the City's auditors.

SUMMARY: Representatives from the City's external auditing firm, Brown Edwards, LLC, will present the results of the annual audit to City Council.

PRIOR ACTION(S): N/A

FISCAL IMPACT: N/A

CONTACT(S): Donna Witt, Director of Financial Services, 455-3968

ATTACHMENT(S): Memo from Donna Witt; CAFR and related documents

NOTE: Hard copies of the attachments will be provided to City Council at the meeting.

REVIEWED BY: bms

175K



The City of Lynchburg, Virginia

CITY HALL, 900 CHURCH STREET, LYNCHBURG, VIRGINIA 24504
(434) 455-3968
FAX (434) 845-0711

FINANCIAL SERVICES
OFFICE OF THE DIRECTOR

To: City Council

From: Donna Witt, Director of Financial Services 

CC: Bonnie Svrcek, City Manager
Charles Hartgrove, Deputy City Manager

Date: December 8, 2016

Re: FY 2016 Comprehensive Annual Financial Report and Related Reports

In preparation for the upcoming presentation by Brown Edwards, LLC the following documents are enclosed for your review:

- FY 2016 Comprehensive Annual Financial Report (CAFR)
- Audit Committee Letter – Required Communication with those Charged with Governance
- Independent Auditor’s Report on Agreed –Upon Procedures – City of Lynchburg’s Sheriff’s Office
- Independent Auditor’s Report on Census Data submitted to the Virginia Retirement System-City of Lynchburg
- Independent Auditor’s Report on Census Data submitted to the Virginia Retirement System- Lynchburg City Schools and Laurel Regional Program
- Accounting and Other Matters – Lynchburg City Schools
- Audit Committee Letter – Required Communication with those Charged with Governance – Lynchburg City Schools

Representatives from Brown Edwards, LLC will be presenting this information in the December 13th work session. Hard copies of these documents will be distributed at that time.

Thank you.

Attachments (7)

REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia, ("City") for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 31, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The useful lives of the capital assets is based on management's experience, historical experience, and understanding of those assets.
- Health insurance claims incurred but not reported as of June 30, 2016, is based on data provided by the health insurance plan administrator.
- The allowance for uncollectible ambulance accounts receivable is based on management's evaluation of the balance and their review and evaluation of aged uncollectible accounts. The allowances for all other uncollectible accounts are based on management's knowledge of the nature of the receivable and historical experience.
- The value assigned to the Centra Health building contribution in the current year was based on City Assessor tax records.
- The liability for other post-employment benefits is based on actuarial calculations and a variety of assumptions as disclosed in the notes to the financial statements.
- The net pension liability is based on an actuarial study provided by actuaries engaged by the Virginia Retirement System.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements include those regarding capital assets, health insurance and other self-insurance claims liabilities, other post-employment benefits, pension plans, and commitments and contingencies.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as whole.

Management has determined that the following uncorrected adjustments are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

	Governmental Activities		Business-Type Activities/Enterprise Funds		Governmental Funds	
			Effect on			
	Change in Net Position	Net Position	Change in Net Position	Net Position	Change in Fund Balances	Fund Balances
Items capitalized in construction in progress that should have been expensed	\$ (400,000)	\$ (400,000)	\$ -	\$ -	\$ -	\$ -
Reversal of prior year errors related to landfill and OPEB corrected in current year.	1,100,000	-	-	-	-	-
Unrecorded VDOT reimbursement receivables	415,000	415,000	-	-	415,000	415,000
Underaccrued payroll liabilities	(343,000)	(343,000)	-	-	(343,000)	(343,000)
Contribution revenue erroneously netted against capital assets	-	-	344,000	344,000	-	-
	<u>\$ 772,000</u>	<u>\$ (328,000)</u>	<u>\$ 344,000</u>	<u>\$ 344,000</u>	<u>\$ 72,000</u>	<u>\$ 72,000</u>

In prior years, the City changed its policy related to the capitalization of internal engineering costs. The change resulted in an uncorrected misstatement that reduces net position of the governmental and business-type activities by approximately \$1,173,000 and \$2,189,000, respectively. The effects of this misstatement are reduced each year by an insignificant amount of overstated depreciation.

Significant Audit Findings (Continued)

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 15, 2016, a copy of which is attached.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) as listed in the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information listed in the table of contents, which accompany the financial statements but are not RSI. With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections which accompany the financial statements but are not RSI. We did not perform other procedures on this other information and we do not express an opinion or provide an assurance on it.

Significant Audit Findings (Continued)

Restriction on Use

This information is intended solely for the use of the Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 15, 2016

Attachment



THE CITY OF LYNCHBURG, VIRGINIA

FINANCIAL SERVICES DEPARTMENT

900 Church Street, Lynchburg, Virginia 24504
www.lynchburgva.gov
TEL: (434) 455-4220
FAX: (434) 847-1859

November 15, 2016

Brown, Edwards, & Company, L.L.P.
Certified Public Accountants
319 McClanahan Street
Roanoke, VA 24014

This representation letter is provided in connection with your audit of the financial statements of City of Lynchburg, Virginia (the "City"), which comprise 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 as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 15, 2016, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 31, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed.
- 11) We have provided the planning communication letter to all members of those charged with governance as requested.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control,
 - Service organizations used by the entity, or
 - Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us. We have a process to track the status of audit findings and recommendations. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have a process to track the status of audit findings and recommendations.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

(Continued)

- 24) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the School Board's portions of the financial statements and related notes, recording the School Board's capital assets based on management's records, and preparing certain other adjusting journal entries for the School Board. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 31) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Construction Work in Progress has been properly classified as either a capital asset or an expense.
- 40) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 41) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 42) With respect to the EDA Revolving Loan program at the Business Development Center, Inc., the entity does not retain liability on loans defaulted on by businesses that benefit from the program.

(Continued)

- 43) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 44) Special and extraordinary items are appropriately classified and reported, if applicable.
- 45) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 46) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 47) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 48) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board (GASBS) Statements that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 49) We agree with the findings of specialists in evaluating the pension and OPEB liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 50) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 51) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 52) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 53) With respect to the supplementary information on which an in-relation-to opinion is issued.
- a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 54) With respect to federal award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

(Continued)

- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirement of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2CFR part 200, subpart E) and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

(Continued)

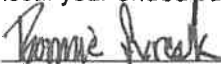
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes and regulations, and the terms and conditions of the subaward and have met the requirements of the Uniform Guidance, if applicable.
- u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient, if applicable.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- y) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- z) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.

55) With respect to the Passenger Facility Charge (PFC) program:

- a) We are responsible for understanding and complying with and have complied with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies, including requirements relating to preparation of the schedule of PFCs and schedule of expenditures of PFCs.
- b) We acknowledge our responsibility for presenting the PFC schedules in accordance with the requirements of Passenger Facility Charge Audit Guide for Public Agencies, and we believe the PFC schedules, including their form and content, are fairly presented in accordance with Passenger Facility Charge Audit Guide for Public Agencies. The methods of measurement or presentation of the PFC schedules have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the PFC schedules.
- c) If the PFC schedules are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the PFC schedules no later than the date we issue the PFC schedules and the auditor's report thereon.
- d) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to the PFC program and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on the PFC program.
- e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for the PFC program that provides reasonable assurance that we are managing our PFC program in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on the PFC program. We believe the internal control system is adequate and is functioning as intended.

(Continued)

- f) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to the PFC program and related activities.
 - g) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the Passenger Facility Charge Audit Guide for Public Agencies, relating to the PFC program and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of the PFC program.
 - h) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
 - i) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
 - j) Amounts claimed or used for matching were determined in accordance with the Passenger Facility Charge Audit Guide for Public Agencies.
 - k) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - l) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to the PFC program financial reports and claims for advances and reimbursements.
 - m) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - n) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - o) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
 - p) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - q) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - r) We have charged costs to the PFC program in accordance with applicable cost principles.
- 56) We have evaluated and classified any subsequent events as recognized or not recognized through the date of this letter.
- 57) No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements, the schedule of federal expenditures of awards, or the schedule of findings and questioned costs.
- 58) We reaffirm the representations made to you in our letter dated November 13, 2015 regarding your audit for the fiscal year ended June 30, 2015.

Signed: 
Bonnie Svrcek, City Manager
City of Lynchburg

Signed: 
Donna Witt, Director of Financial Services
City of Lynchburg

(Continued)

Signed: Rhonda Allbeck
Rhonda Allbeck, Assistant Director of Financial Services
City of Lynchburg

Signed: Scott Brabrand
Scott Brabrand, Superintendent
Lynchburg City Schools

Signed: Anthony Beckles
Anthony Beckles, Chief Financial Officer
Lynchburg City Schools

(Continued)

Governmental Activities		Business-Type Activities/Enterprise Funds		Governmental Funds	
Effect on Change in Net Position	Effect on Net Position	Effect on Change in Net Position	Effect on Net Position	Effect on Change in Fund Balance	Effect on Fund Balance
Items capitalized in construction in progress that should have been expensed	\$ (400,000)	\$ (400,000)	\$ -	\$ -	\$ -
Reversal of prior year errors related to landfill and OPEB corrected in current year.	1,100,000	-			
Unrecorded VDOT reimbursement receivables	415,000	415,000	-	-	415,000
Underaccrued payroll	(343,000)	(343,000)	-	-	(343,000)
Contribution revenue erroneously netted against capital assets	-	-	344,000	344,000	-
	<u>\$ 772,000</u>	<u>\$ (328,000)</u>	<u>\$ 344,000</u>	<u>\$ 344,000</u>	<u>\$ 72,000</u>

In prior years the City changed its policy related to the capitalization of internal engineering costs. The change resulted in an uncorrected misstatement that reduces net position of the governmental and business-type activities by approximately \$1,173,000 and \$2,189,000, respectively. The effects of this misstatement are reduced each year by an insignificant amount of overstated depreciation.

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Ronald L. Gillispie, Sheriff
City of Lynchburg, Virginia

We have performed the procedures enumerated below, which were agreed to by the City of Lynchburg, Virginia (the "City"), and the Auditor of Public Accounts of the Commonwealth of Virginia solely to assist you in evaluating the effectiveness of the City Sheriff's internal control over compliance with the *Virginia Sheriffs' Accounting Manual* issued by the Auditor of Public Accounts of the Commonwealth of Virginia and the criteria established in the *Code of Virginia* as of, and for the year ended, June 30, 2016. The Sheriff is responsible for compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified above. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are presented below for the fund sources which were identified to us by the Sheriff's office and for certain other disbursements made by the Sheriff's office.

Court Support Services

1. Select two months' bank reconciliations to review for timely preparation and review by a supervisor. Additionally, determine if all items over \$1,000 that have been outstanding for more than 90 days or are unusual in nature are followed up on by the reviewer.
2. Select two of the monthly transmittal forms from the Sheriff that are utilized to transmit funds to the City treasurer and determine:
 - a. Monthly summaries were prepared to account for all receipts collected and deposited to the Sheriff's account, less any disbursements to those owed funds collected on their behalf by the Sheriff.
 - b. Check was issued from the Sheriff's account to the treasurer for the amount computed on the monthly summary.
3. For Sheriff's sales and levies, the Sheriff may withhold a commission in accordance with the *Code of Virginia*.
 - a. Inquire of the Sheriff if there were any sales held during the year.

Court Support Services (Continued)

- b. Select the sales documentation from three sales and/or levies and determine that:
 - i. Sales commission was computed correctly. (Commissions are computed as 10% of the gross sale.)
 - ii. Net proceeds were issued on a check to the plaintiff owed the funds. (Net proceeds are the gross sale, less the costs of the auction and the 10% Sheriff's commission.)
- 4. For disposal of unclaimed property in the possession of the Sheriff, the Sheriff has the option to retain the property for department use or to sell the property at a public sale. Unclaimed personal property for this purpose is any personal property which has been acquired by a law enforcement officer pursuant to his/her duties, which is not needed in any criminal prosecution, which has not been claimed by its rightful owner, and which the State Treasurer has indicated will be declined if remitted under the Uniform Disposition of Unclaimed Property Act.
 - a. Inquire of the client whether there was any unclaimed property during the year that was sold or retained for department use.
 - b. Select three items that were either sold or retained and determine that:
 - i. The Sheriff made reasonable attempts to contact the rightful owner to return the property.
 - ii. The Sheriff has obtained a notice (in writing) from the locality's Commonwealth's Attorney that the property in question is not needed for any prosecution.
 - iii. The Sheriff has received notice from the State Treasurer that the property will be declined if remitted under the Uniform Disposition of Unclaimed Property Act.
 - iv. The Sheriff has published a notice in a local paper for two weeks that there will be a public display and sale of the unclaimed personal property and the property was described in the notice.
 - v. For an item retained, the Sheriff determined that there is a legitimate use for the property and the retention of such property is more economical than purchase of a similar or equivalent item.
 - vi. If the item was sold, the Sheriff properly calculated the amount of the commission on the sale. (Commission is computed as 10% of the gross sale proceeds.)
 - vii. Net proceeds from the sale are retained for the owner and paid to the owner upon proof that the individual owned the item sold. (Net proceeds are the gross sales price less the costs of the sale and the Sheriff's 10% commission.)
 - viii. Funds unclaimed by the former owner of the property within 60 days were properly deposited into the general fund of the locality.

Note: For fiscal year ended June 30, 2016, the Sheriff has represented to us that there were no Sheriff's sales or levies or any sales or retention of unclaimed property.

Findings: None noted.

Credit Cards/Small Purchase Cards

- 1. Obtain the sign-out log and credit card statements for the year, select one statement from each department card account, and determine the following:
 - a. Statement was reviewed by supervisor or other designated individual.
 - b. Receipts, invoices, or other applicable documentation was obtained for all charges to the card.

Credit Cards/Small Purchase Cards (Continued)

- c. Charge card purchase was within established limits (dollar and type of purchase) of the Sheriff and/or locality credit card/purchasing card policy.
- d. Requests for cards are required to be approved before card is issued for use (form, space on sign-out log, or some other documentation) to ascertain that all established purchasing and procurement policies are followed.
- e. Card was returned prior to end of the business day (unless signed-out and approved to be kept for after hours or overnight travel or other afterhours activity). Ideally, card and receipts are returned to the individual with custody of the cards at the same time. That individual can then give the receipts to the appropriate person for statement reconciliation.
- f. Determine that the card is issued in the name of the Sheriff's office or the name of the Sheriff or deputy, with the locality name included. A card should never be issued in just the name of the individual Sheriff or deputy.

Findings: None noted.

Procurement and Personnel

In performing the procedures above, we noted no non-compliance with the Virginia Public Procurement Act, or unusual personnel incentives, bonuses, etc. Our inquiries of the City's finance department and Sheriff's office personnel indicate that purchases and payroll, which are funded through appropriations by the local government (whether funded by local, state, or federal means), are subject to the same internal controls and procurement processes as the local government's other departments.

Controls over Cash Receipts

As noted in prior years, there are various points where cash collections are handled by only one person, or where one person may have access both to undeposited funds and the accompanying accounting records. This could allow for the misappropriation of funds to remain undetected. This is common at Sheriff's offices due to the limited number of staff.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the effectiveness of the internal control of the Sheriff's office. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the City, the City Sheriff, and the Auditor of Public Accounts, and is not intended to be, and should not be, used by anyone other than those specified parties.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
August 31, 2016



INDEPENDENT ACCOUNTANT'S REPORT

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Management and the City Council of
the City of Lynchburg, Virginia

We have examined management's assertion that the census data reported to the Virginia Retirement System by the City of Lynchburg, Virginia (the "City") during the year ended June 30, 2016 is complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated by the *Code of Virginia* in Section 51.1-136. Management of the City is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the requirements to be met by participants in the Virginia Retirements System as defined by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated in the *Code of Virginia* Section 51.1-136. Our sampling methodology and determination of control environments are included in Appendix A to this report.

This report is intended solely for the information and use of the City and the Auditor of Public Accounts of the Commonwealth of Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

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

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
September 12, 2016

Appendix A

We identified one control environment during this review for which the City was responsible.

The following table reflects the population size and sample size for each procedure performed over the control environment for which the City was responsible:

Required Audit Procedure	Population Size	Sample Size	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements	1,284	40	AICPA Audit Sampling Audit Guide dated March 1, 2014, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-4, <i>Limited Effect of Population Size on Sample Size</i> , using parameters of 5% Risk of Overreliance, 10% Tolerable Rate of Deviation, and no expected deviations.
Review of Eligible Members Reported to the VRS	1,587	40	Same as above.
Review of New Enrollees Reported to the VRS	120	37	Same as above.
Review of Monthly myVRS Navigation Contribution Confirmation	12	3	AICPA Audit Sampling Audit Guide dated March 1, 2014, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-5, <i>Testing Operating Effectiveness of Small Populations</i> , population size 1 to 52.
Review of myVRS Navigation System Access	4	2	Same as above.



INDEPENDENT ACCOUNTANT'S REPORT

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Management and the School Board of
Lynchburg City Schools and the
Laurel Regional Program

We have examined management's assertion that the census data reported to the Virginia Retirement System by Lynchburg City Schools and the Laurel Regional Program during the year ended June 30, 2016 is complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated by the *Code of Virginia* in Section 51.1-136. Management of Lynchburg City Schools and the Laurel Regional Program are responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the requirements to be met by participants in the Virginia Retirements System as defined by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated in the *Code of Virginia* Section 51.1-136. Our sampling methodology and determination of control environments are included in Appendix A to this report.

This report is intended solely for the information and use of Lynchburg City Schools, the Laurel Regional Program, and the Auditor of Public Accounts of the Commonwealth of Virginia and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown, Edwards & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
September 9, 2016

Appendix A

We identified one control environment during this review for which Lynchburg City Schools and the Laurel Regional Program was responsible.

The following table reflects the population size and sample size for each procedure performed over the control environment for which Lynchburg City Schools and the Laurel Regional Program was responsible:

Required Audit Procedure	Population Size	Sample Size	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements	1,387	40	AICPA Audit Sampling Audit Guide dated March 1, 2014, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-4, <i>Limited Effect of Population Size on Sample Size</i> , using parameters of 5% Risk of Overreliance, 10% Tolerable Rate of Deviation, and no expected deviations.
Review of Eligible Members Reported to the VRS	1,607	40	Same as above.
Review of New Enrollees Reported to the VRS	185	37	Same as above.
Review of Monthly myVRS Navigation Contribution Confirmation	12	3	AICPA Audit Sampling Audit Guide dated March 1, 2014, Chapter 3, <i>Nonstatistical and Statistical Audit Sampling in Tests of Controls</i> , Table 3-5, <i>Testing Operating Effectiveness of Small Populations</i> , population size 1 to 52.
Review of myVRS Navigation System Access	15	6	Same as above.



To the Members of the School Board and the
Superintendent of Lynchburg City Schools
Lynchburg, Virginia

During the audit of the financial statements of the Lynchburg City Schools (the “Schools”) for the year ended June 30, 2016, we did not detect any matters that warranted issuance of an internal control or management letter. However, in our communications to those charged with governance, we commonly include information on accounting and other matters that we believe is important enough to merit consideration by management and those charged with governance. In this document, we would like to make you aware of certain confirmed and potential changes on the horizon that may affect your financial reporting and audit in future years. Should you have any questions on these matters, please contact our firm.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
_____, 2016

Attachment

LYNCHBURG CITY SCHOOLS

ACCOUNTING AND OTHER MATTERS

June 30, 2016

GASB STATEMENT NO. 75

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

GASB Statement No. 75 will be effective for the year ending June 30, 2018.

LYNCHBURG CITY SCHOOLS

ACCOUNTING AND OTHER MATTERS

June 30, 2016

GASB STATEMENT NO. 77

Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. **GASB Statement No. 77, *Tax Abatement Disclosures*** is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs. Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements.
- The specific taxes being abated.
- The gross dollar amount of taxes abated during the period.

GASB Statement No. 77 will be effective for the year ending June 30, 2017.

LYNCHBURG CITY SCHOOLS

ACCOUNTING AND OTHER MATTERS

June 30, 2016

GASB STATEMENT NO. 78

The objective of **GASB Statement No. 78**, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

GASB Statement No. 78 will be effective for the year ending June 30, 2017.

GASB STATEMENT NO. 79

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

GASB Statement No. 79 will be effective for the year ending June 30, 2017.

LYNCHBURG CITY SCHOOLS

ACCOUNTING AND OTHER MATTERS

June 30, 2016

GASB STATEMENT NO. 80

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* will improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining whether Certain Organizations are Component Units*.

GASB Statement No. 80 will be effective for the year ending June 30, 2018.

GASB STATEMENT NO. 81

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* will improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split interest agreements can be created through trusts – or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements – in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 81 will be effective for the year ending June 30, 2017.

GASB STATEMENT NO. 82

The objective of **GASB Statement No. 82**, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

LYNCHBURG CITY SCHOOLS
ACCOUNTING AND OTHER MATTERS
June 30, 2016

GASB STATEMENT NO. 82 (Continued)

Prior to the issuance of this Statement, Statements No. 67 and No. 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements No. 67 and No. 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement No. 67, Statement No. 68, or Statement No. 73 for the selection of assumptions used in determining the total pension liability and related measures.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement No. 67 and as employee contributions for purposes of Statement No. 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

GASB Statement No. 82 will be effective for the year ending June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

CURRENT GASB PROJECTS

GASB currently has a variety of projects in process. Some of these projects are as follows:

- ***Asset Retirement Obligations.*** The objective of this project would be to improve financial reporting by developing requirements on recognition for asset retirement obligations (ARO), other than landfills. The achievement of this objective would reduce inconsistency in current reporting and, therefore, enhance comparability between governments. The project also will improve the usefulness of information for decisions and analysis of various users of external financial reports of governments by developing disclosure requirements for AROs. An exposure draft document was issued in December 2015 with the comment period for the exposure draft, and the field test both ending on March 31, 2016. A final statement is expected in November 2016.
- ***Certain Debt Extinguishments Using Existing Resources.*** This project addresses certain issues identified during the pre-agenda research that evaluated the effectiveness of Statements No. 7, *Advance Refundings Resulting in Defeasance of Debt*, and No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, and relevant sections of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The project will consider improvements to the existing guidance related to debt extinguishments using existing resources. Debt extinguishments connected with troubled debt restructurings and bankruptcy, which are addressed in other pronouncements, are not included. An exposure draft is expected in August 2016, with a final statement in May 2017.

LYNCHBURG CITY SCHOOLS

ACCOUNTING AND OTHER MATTERS

June 30, 2016

CURRENT GASB PROJECTS (Continued)

- **Conceptual Framework – Recognition.** The project’s objective is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. This project ultimately will lead to a Concepts Statement on recognition of elements of financial statements. Deliberations recommenced in conjunction with the Financial Reporting Model project in October 2015.
- **Fiduciary Responsibilities.** The primary objective of this project would be to develop guidance regarding the application of the fiduciary responsibility criterion in deciding whether and how governments should report fiduciary activities in their general purpose external financial reports. Other objectives of this project include assessing whether additional guidance should be developed to (1) clarify the difference between a private-purpose trust fund and an agency fund, (2) clarify whether a business-type activity engaging in fiduciary activities should present fiduciary fund financial statements, and (3) consider requiring a combining statement of changes in assets and liabilities for agency funds. An exposure draft document was issued for public comment in December 2015 with the comment period ending March 31, 2016. A final statement is expected in December 2016.
- **Financial Reporting Model.** The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements – and Management’s Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government’s accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model. The project is currently in deliberations with an exposure draft expected in December 2019, with a final statement in May 2021.
- **Lease Accounting – Reexamination of NCGA Statement 5 and GASB Statement No. 13.** The objective of this project is to reexamine issues associated with lease accounting, considering improvements to existing guidance. This project will provide a basis for the Board to consider whether current operating leases meet the definitions of assets or liabilities. This project would provide an opportunity for a fresh look at the existing guidance for any improvements not contemplated by the FASB/IASB project given the unique nature of governmental entities and the complexities of their leasing transactions. An exposure draft document was issued for public comment in January 2016 and the comment period ended May 31, 2016. A final statement is expected in December 2016.

LYNCHBURG CITY SCHOOLS

ACCOUNTING AND OTHER MATTERS

June 30, 2016

CURRENT GASB PROJECTS (Continued)

- ***Revenue and Expense Recognition.*** The objective of this project is to develop a comprehensive application model for the recognition of revenues and expenses that arise from nonexchange, exchange, and exchange-like transactions, including guidance for exchange transactions that has not been specifically addressed in the current literature. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. The project is currently in deliberations, with a final statement expected in June 2022.

STATEMENTS OF ECONOMIC INTERESTS

The Virginia Conflict of Interest and Ethics Advisory council has implemented a \$250 late filing penalty for Statement of Economic Interest (SoEI) filers. This late fee will apply to all SoEI's filed after each filing deadline, June 15 and December 15. The late filing penalty does not apply to financial disclosure filers. Late filing lists should be submitted to the local Commonwealth attorney who will assess and collect the penalty from each individual who is late or does not file.

REQUIRED COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Members of the School Board
and the Superintendent of
Lynchburg City Schools
Lynchburg, Virginia

As part of our audit of the City of Lynchburg, Virginia we have audited the financial statements of Lynchburg City Schools (the “Schools”) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 31, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Schools are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The useful lives of capital assets and the allowance for uncollectible accounts are based on management’s knowledge and judgment, which is based on history.
- The other post-employment benefits liability is based on an actuarial study provided by the Schools external actuarial firm.
- The self-insurance liability is based on information from an external third party consultant and subsequent claims information provided by the third-party administrator.
- The net pension liability is based on an actuarial study provided by actuaries engaged by the Virginia Retirement System.

Significant Audit Findings (Continued)

We evaluated the key factors and assumptions used to develop these estimates in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Capital assets, commitments, leases, health insurance claims incurred but not reported, other post-employment liabilities, and pension plans.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Adjustments related to GASB 68 resulted from a collaborative process with management for 2016. Management has determined that the effects of the following unrecorded misstatement is immaterial to the financial statements taken as a whole:

- General and administrative expenses and opening net position were understated by approximately \$156,000 due to an overstatement in the amounts included in deferred outflows for 2015 pension contributions.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated _____, 2016, a copy of which is attached.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Audit Findings (Continued)

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents, that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board and management of the Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
_____, 2016

Attachment



THE CITY OF LYNCHBURG, VIRGINIA

FINANCIAL SERVICES DEPARTMENT

900 Church Street, Lynchburg, Virginia 24504
www.lynchburgva.gov
TEL: (434) 455-4220
FAX: (434) 847-1859

November 15, 2016

Brown, Edwards, & Company, L.L.P.
Certified Public Accountants
319 McClanahan Street
Roanoke, VA 24014

This representation letter is provided in connection with your audit of the financial statements of City of Lynchburg, Virginia (the "City"), which comprise 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 as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 15, 2016, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 31, 2016, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed.
- 11) We have provided the planning communication letter to all members of those charged with governance as requested.

Information Provided

- 12) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 13) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 15) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management,
 - Employees who have significant roles in internal control,
 - Service organizations used by the entity, or
 - Others where the fraud could have a material effect on the financial statements.
- 16) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 19) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us. We have a process to track the status of audit findings and recommendations. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have a process to track the status of audit findings and recommendations.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

(Continued)

- 24) The entity has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the School Board's portions of the financial statements and related notes, recording the School Board's capital assets based on management's records, and preparing certain other adjusting journal entries for the School Board. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- 31) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Construction Work in Progress has been properly classified as either a capital asset or an expense.
- 40) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 41) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 42) With respect to the EDA Revolving Loan program at the Business Development Center, Inc., the entity does not retain liability on loans defaulted on by businesses that benefit from the program.

(Continued)

- 43) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 44) Special and extraordinary items are appropriately classified and reported, if applicable.
- 45) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 46) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 47) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 48) We have not completed the process of evaluating the impact that will result from adopting new Governmental Accounting Standards Board (GASBS) Statements that are not yet effective, as discussed in the notes to financial statements. The entity is therefore unable to disclose the impact that adopting these Statements will have on its financial position and the results of its operations when the Statements are adopted.
- 49) We agree with the findings of specialists in evaluating the pension and OPEB liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 50) We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 51) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 52) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 53) With respect to the supplementary information on which an in-relation-to opinion is issued.
- a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 54) With respect to federal award programs:
- a) We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

(Continued)

- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirement of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2CFR part 200, subpart E) and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

(Continued)

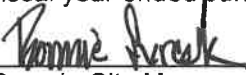
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes and regulations, and the terms and conditions of the subaward and have met the requirements of the Uniform Guidance, if applicable.
- u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient, if applicable.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- y) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- z) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if applicable.

55) With respect to the Passenger Facility Charge (PFC) program:

- a) We are responsible for understanding and complying with and have complied with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies, including requirements relating to preparation of the schedule of PFCs and schedule of expenditures of PFCs.
- b) We acknowledge our responsibility for presenting the PFC schedules in accordance with the requirements of Passenger Facility Charge Audit Guide for Public Agencies, and we believe the PFC schedules, including their form and content, are fairly presented in accordance with Passenger Facility Charge Audit Guide for Public Agencies. The methods of measurement or presentation of the PFC schedules have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the PFC schedules.
- c) If the PFC schedules are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the PFC schedules no later than the date we issue the PFC schedules and the auditor's report thereon.
- d) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to the PFC program and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on the PFC program.
- e) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for the PFC program that provides reasonable assurance that we are managing our PFC program in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on the PFC program. We believe the internal control system is adequate and is functioning as intended.

(Continued)

- f) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to the PFC program and related activities.
 - g) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the Passenger Facility Charge Audit Guide for Public Agencies, relating to the PFC program and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of the PFC program.
 - h) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
 - i) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
 - j) Amounts claimed or used for matching were determined in accordance with the Passenger Facility Charge Audit Guide for Public Agencies.
 - k) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
 - l) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to the PFC program financial reports and claims for advances and reimbursements.
 - m) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
 - n) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
 - o) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited.
 - p) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
 - q) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
 - r) We have charged costs to the PFC program in accordance with applicable cost principles.
- 56) We have evaluated and classified any subsequent events as recognized or not recognized through the date of this letter.
- 57) No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements, the schedule of federal expenditures of awards, or the schedule of findings and questioned costs.
- 58) We reaffirm the representations made to you in our letter dated November 13, 2015 regarding your audit for the fiscal year ended June 30, 2015.

Signed: 
Bonnie Svrcek, City Manager
City of Lynchburg

Signed: 
Donna Witt, Director of Financial Services
City of Lynchburg

(Continued)

Signed: Rhonda Allbeck
Rhonda Allbeck, Assistant Director of Financial Services
City of Lynchburg

Signed: Scott Brabrand
Scott Brabrand, Superintendent
Lynchburg City Schools

Signed: Anthony Beckles
Anthony Beckles, Chief Financial Officer
Lynchburg City Schools

Governmental Activities		Business-Type Activities/Enterprise Funds		Governmental Funds	
Effect on Change in Net Position	Effect on Net Position	Effect on Change in Net Position	Effect on Net Position	Effect on Change in Fund Balance	Effect on Fund Balance
Items capitalized in construction in progress that should have been expensed	\$ (400,000)	\$ (400,000)	\$ -	\$ -	\$ -
Reversal of prior year errors related to landfill and OPEB corrected in current year.	1,100,000	-			
Unrecorded VDOT reimbursement receivables	415,000	415,000	-	415,000	415,000
Underaccrued payroll	(343,000)	(343,000)	-	(343,000)	(343,000)
Contribution revenue erroneously netted against capital assets	-	-	344,000	344,000	-
	<u>\$ 772,000</u>	<u>\$ (328,000)</u>	<u>\$ 344,000</u>	<u>\$ 344,000</u>	<u>\$ 72,000</u>
				<u>\$ 72,000</u>	<u>\$ 72,000</u>

In prior years the City changed its policy related to the capitalization of internal engineering costs. The change resulted in an uncorrected misstatement that reduces net position of the governmental and business-type activities by approximately \$1,173,000 and \$2,189,000, respectively. The effects of this misstatement are reduced each year by an insignificant amount of overstated depreciation.

**CITY OF
LYNCHBURG, VIRGINIA**

Comprehensive Annual Financial Report
for the fiscal year ended June 30, 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016

**CITY OF LYNCHBURG,
VIRGINIA**

Prepared by:
Financial Services

CITY OF LYNCHBURG, VIRGINIA

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INTRODUCTORY SECTION



THE CITY OF LYNCHBURG, VIRGINIA

OFFICE OF THE
CITY MANAGER

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November 15, 2016

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

The Comprehensive Annual Financial Report (CAFR) for the City of Lynchburg, Virginia, (City) for the year ended June 30, 2016, is hereby submitted in accordance with the *City Code* and State statutes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. With reasonable assurance, based upon a comprehensive framework of internal controls, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows, as applicable, of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

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

City Council has approved Debt Management, Fund Balance, Budget, and Investment policies to guide fiscal decision-making and to ensure continued strong financial health. These policies were revised and re-adopted by City Council in March 2016. During the fiscal year, adherence to these financial policies guided the City's management of its investment portfolio, the maintenance of budget reserve levels, and the issuance of debt.

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

The City of Lynchburg was incorporated in 1805 by the Virginia General Assembly and became an independent city in 1852. Encompassing 50 square miles, Lynchburg is located adjacent to Amherst, Bedford, and Campbell Counties, on the eastern edge of the beautiful Blue Ridge Mountains, and is within 54 miles of the geographic center of the Commonwealth of Virginia. The County of Appomattox is also included in the Lynchburg Metropolitan Statistical Area. With an estimated population of 78,675, Lynchburg is an important commercial center for the four-county region known as Region 2000. It serves a regional population of nearly 260,000 and benefits from an economy that remains diversified among the manufacturing, health services, technology, retail, trade, and higher education sectors. The City is home to five colleges and universities with a sixth in Amherst County.

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

Local Economic Condition and Outlook

The City continues to maintain its role as an employment and commercial center for a four-county metropolitan statistical area with a population of approximately 260,000. In May 2016, Lynchburg was ranked one of the most affordable and thriving small cities in the United States to live in by *MoneyGeek*. Compared to thousands of communities with a population under 100,000, Lynchburg earned the 37th spot in *MoneyGeek*'s "Top 40 Cities to Make a Living" list for its affordable living and well-paying job opportunities. According to *MoneyGeek*, the cost of living in Lynchburg is 8.7% lower than the national average. Real property assessments have experienced slight growth and personal property assessments have experienced continued growth due to consumer friendly gas prices. Consumption driven revenues, including Sales and Lodging Taxes, were consistent with budget for FY 2016. Meals Tax revenue continued to grow and exceed projections due to new restaurants opening in the City and an increase in the cost of meals. Looking ahead, it is anticipated that real property and personal property values will remain relatively stable, while consumption tax revenues will remain consistent with current year.

In August 2015, Lynchburg was designated a TechHire community, an Obama administration initiative intended to improve access to technology jobs. Lynchburg's designation places it in the first thirty communities nationwide to participate in the TechHire initiative and the first locality in Virginia. The TechHire initiative supports innovative approaches to training and employing low-skill individuals with barriers to training and employment. The Lynchburg Economic Development Authority and the City of Lynchburg's Office of Economic Development will partner with local employers, non-profits, and Central Virginia Community

College to identify and train students for a 21st century workforce. Another initiative in workforce development, the City's Office of Economic Development launched a CO.STARTERS Program in spring 2016 which is a 9-week entrepreneurial program to equip aspiring entrepreneurs with the insights, relationships, and tools needed to turn ideas into sustainable and thriving businesses. Thus far twenty-two entrepreneurs have completed the CO.STARTERS curriculum and five businesses received start-up funding through a Community Business Launch grant.

As part of a long-term financial plan, five-year revenue projections are developed with a focus on ensuring that forecasts are based on the latest economic conditions. 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.

Following the recession of 2008, the City identified eleven key elements critical to the City's future. These elements are: Arts and Culture, Citizen Engagement and Social Capital, Economic Development, Lifelong Learning, Healthy and Active Living, Infrastructure, Natural Resources, Neighborhoods, Safe Community, Land Use, and Transportation. In FY 2014, a twelfth element, Social Equity, was added and City Council adopted a new Vision for the City – *"A Great Place to Live, Work and Play!"* – with goal statements for each of the twelve pillars that support the Vision. A survey was conducted with citizens, employees, and City Council to measure progress on the goals; survey results were discussed at City Council's fall retreat.

Major Initiatives and Accomplishments

Downtown

The City's commitment to downtown revitalization remains strong. In 2016, Pacific Life announced a new location in the City and is investing \$4 million to renovate an existing building Downtown and create 300 new jobs. Since 2011, the private sector has invested nearly \$60 million in the redevelopment of Downtown buildings. During this time, small businesses in Downtown Lynchburg have created 85 jobs and nearly 800 residential lofts Downtown have been developed.

In November 2015, officials with Hilton Worldwide announced The Virginian hotel, an old dilapidated structure, will join the Curio Collection of Hilton Hotels and Resorts. "The Virginian" by Hilton is undergoing renovations and is expected to open in 2017. The hotel will offer 115 boutique guest rooms, a ballroom, and a conference center, along with a coffee shop and restaurant.

Education

Lynchburg City Schools (LCS) continues to improve its Standards of Learning (SOL) pass rates. SOL results for 2015-2016 by the Virginia Department of Education show LCS reading scores rose 2 points (9 points over the last two years) and math scores rose 4 points (14 points over the last two years). In both areas, LCS outpaces the State in improving SOL scores.

Additionally, scores for every identified group of students (white, black, economically disadvantaged, and students with disabilities) increased in both reading and math, and the achievement gap between white and black students was reduced in both subjects.

The on-time graduation rate continues to improve – E.C. Glass High School increased by 1% and Heritage High School increased by 4%. The overall division graduation rate went up by 2% to 83%, which is below the State average of 91%. Currently, the division's 4% dropout rate is better than the State average of 5%.

Infrastructure

Infrastructure improvements in FY 2016 included extensive work on the Kemper Street Bridge and the Midtown Connector, as well as building a new Heritage High School and a Juvenile Services Group Home. A complete renovation of the football/soccer facilities at Lynchburg City Stadium was also underway in FY 2016. Each of these projects is slated for completion in early FY 2017.

Technology

The City continues to be a leader in using technology to assist in service delivery. e.Republic's Center for Digital Government and Digital Communities Program ranked Lynchburg sixth among city governments in the 75,000 – 124,999 population category in its 13th annual Digital Cities Survey. This is Lynchburg's twelfth year ranking in the top ten for communities of its size.

In June 2016, Esri presented the City with a Special Achievement in Geographic Information System (GIS) technology known as the SAG Award. The City received the award for its innovative application of technology, data collection, geospatial information visualization, and thought leadership through GIS in the field of Local Government.

Transportation

Greater Lynchburg Transit Company (GLTC) provides public bus service for Lynchburg citizens. Construction of a new bus maintenance and operations facility continued through FY 2016 with funding from federal, State, and local sources.

The City is also served by the Lynchburg Regional Airport, an FAA-designated small non-hub commercial airport with significant general aviation flight and training activity. Airline service includes 6 daily departures with an estimated yearly passenger count of 159,000. Commercial service is provided by American Airlines with 80% passenger loads resulting in continuing increases in airport revenues. Through its Air Service Development Partnership with the Lynchburg Regional Business Alliance and area businesses, the City is actively seeking new airline service to a northern hub airport as well as investigating possibilities for adding service with ultra-low cost carriers to popular tourist destinations.

The Lynchburg Regional Airport has two fixed base operators (FBOs) providing a full range of aeronautical services such as fueling, maintenance, flight training, and charter services. In addition, Liberty University's rapidly growing School of Aeronautics is based at the airport.

Prospects for the Future

The City has worked diligently through its Economic Development Authority (EDA) to ensure Lynchburg continues to be a dynamic, vibrant city where there are economic opportunities for all. Marketing efforts continue to target prospects for appropriate commercial development to ensure the City remains the shopping and dining destination of the region. Tourism continues to play an important role with City staff working to make Lynchburg "A Great Place to Live, Work and Play!"

Certificates of Achievement for Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lynchburg for its CAFR for the fiscal year ended June 30, 2015. This is the City's nineteenth consecutive year receiving this award.

GFOA also awarded the Distinguished Budget Presentation Award to the City of Lynchburg for its FY 2015 Adopted Budget. This is the City's eleventh consecutive year receiving this award.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the leadership of Rhonda Allbeck, Assistant Director of Financial Services, and the dedicated staff of the Financial Services Department. Each member of the department has our appreciation for their outstanding efforts in the preparation of this Report. Appreciation is also expressed to City Council for its guidance and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Bonnie Svrcek
City Manager



Donna S. Witt
Director of Financial Services

CITY OF LYNCHBURG, VIRGINIA
COUNCIL-MANAGER FORM OF GOVERNMENT

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2016

CITY COUNCIL

Dr. Michael A. Gillette, Mayor

Rev. Ceasor T. Johnson, Vice-Mayor
Trenay Tweedy
Joan F. Foster

Jeff S. Helgeson
J. Randolph “Randy” Nelson
Edgar J. T. Perrow, Jr.

CITY OFFICIALS

L. Kimball Payne, III
Bonnie M. Svrcek
Walter C. Erwin, III
Donna S. Witt

City Manager
Deputy City Manager
City Attorney
Director of Financial Services

SCHOOL BOARD

Dr. Michael J. Nilles, Chair

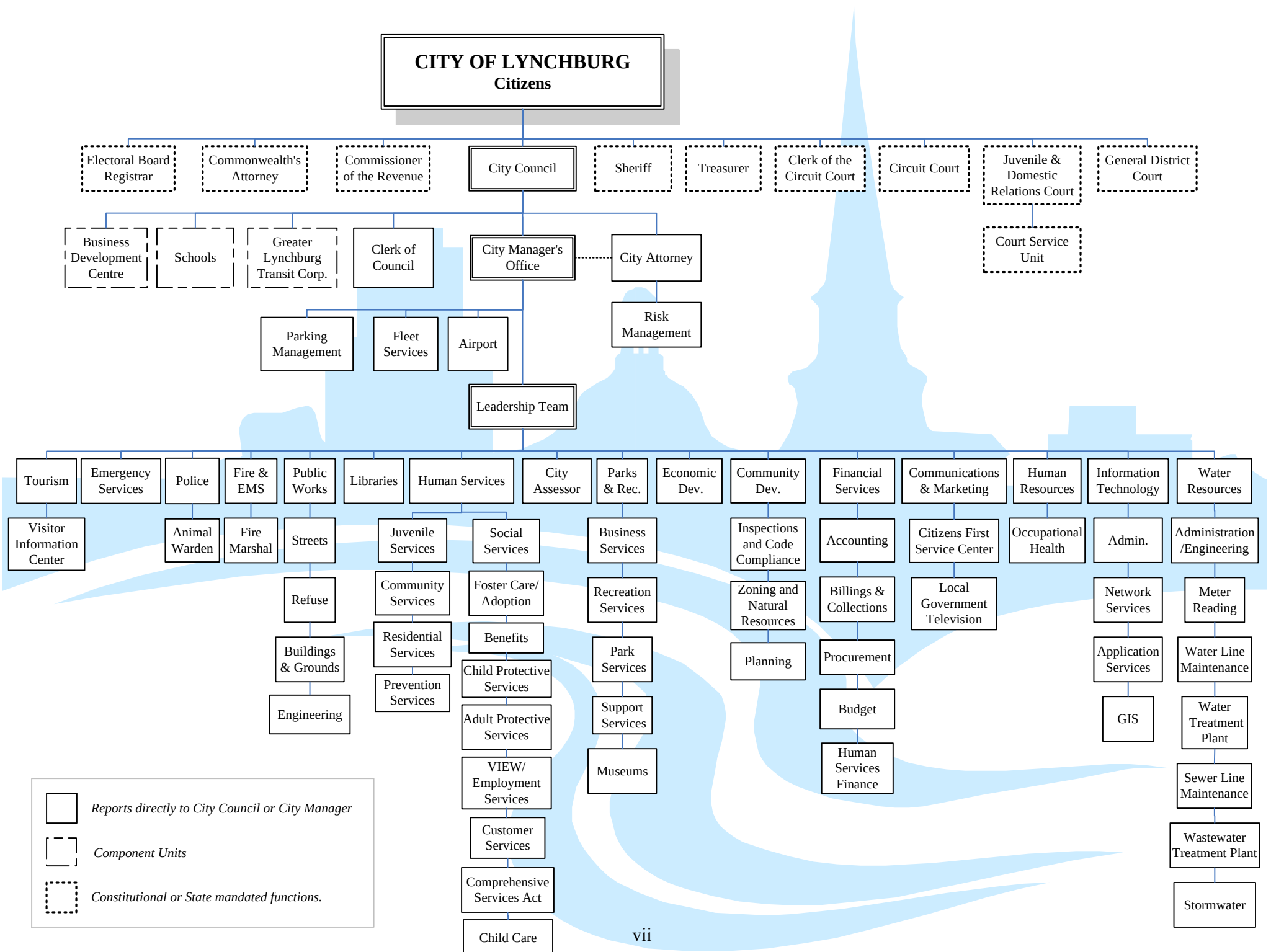
Dr. Regina T. Dolan-Sewell, Vice Chair
Ms. Sharon Y. Carter
Dr. James E. Coleman
Ms. Charleta F. Mason

Mrs. Susan D. Morrison
Mr. Derek L. Polley
Ms. Jennifer R. Poore
Mrs. Katie K. Snyder

SCHOOL BOARD OFFICIALS

Dr. Scott S. Brabrand
Dr. John C. McClain
Mr. Ben W. Copeland
Mr. Anthony E. Beckles, Sr.

Superintendent of Schools
Assistant Superintendent
Assistant Superintendent
Chief Financial Officer



Reports directly to City Council or City Manager



Component Units



Constitutional or State mandated functions.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lynchburg
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual statements and schedules, the non-major funds budgetary comparison statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements. In addition, the accompanying schedules of passenger facility charges and expenditures of passenger facility charges are presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 15, 2016

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, 2016. 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, 2016 by \$414.5 million (net position). Unrestricted net position of (\$10.7) million represented (\$27.0) million for governmental activities, which included the general fund, and \$16.3 million for business-type activities, which included the enterprise funds (water, sewer, stormwater, and airport).
- The general fund's unassigned fund balance of \$25.6 million was 14.2% of total general fund revenues, which were \$180.8 million. This was \$7.5 million more than the City Council adopted unassigned fund balance policy requirement of 10%, or \$18.1 million.
- In comparison with the prior fiscal year, the City's total net position increased 4.1%, or \$16.5 million, from FY 2015. Net position of governmental activities increased 3.7%, or \$6.7 million, from FY 2015; and, net position of business-type activities increased 4.5%, or \$9.8 million. The Schools' total net position increased 3.1% or \$2.5 million, from FY 2015 as restated.
- The City's total revenues of \$258.8 million increased 7.2%, or \$17.3 million, and total expenses of \$242.3 million increased 7.6%, or \$17.1 million, from FY 2015. General revenues of \$139.7 million were \$16.5 million more than the expenses net of program revenues of \$123.2 million.
- For the current fiscal year, the City's total liabilities and deferred inflows of resources of \$557.2 million decreased 3.6% or \$19.8 million from FY 2015.
- The City increased its overall debt by \$4.9 million, of which \$5.1 million was for governmental activities and (\$0.2) million was for business-type activities. This includes issuance of new debt totaling \$47.3 million, of which \$23.5 million was for governmental activities and \$23.8 million was for business-type activities. Debt retirements, through a combination of planned retirements and an advance refunding, totaled \$42.4 million, of which \$18.4 million was for governmental activities and \$24.0 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 Ratings Services.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for others. Activities from fiduciary 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 post-employment 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 Schools' and the City's financial statements are included in one Comprehensive Annual Financial Report. The Greater Lynchburg Transit Company and the Business Development Centre, Inc. issue separate reports.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

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

Summary of Statement of Net Position As of June 30, 2016/2015 (in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2016	2015	2016	2015	2016	2015	2016-2015	2016	2015
Current and other assets	\$ 154.0	\$ 178.1	\$ 53.5	\$ 41.8	\$ 207.5	\$ 219.9	-6%	\$ 13.0	\$ 17.5
Capital assets	373.9	332.5	373.2	373.7	747.1	706.2	6%	6.6	6.6
Total assets	527.9	510.6	426.7	415.5	954.6	926.1	3%	19.6	24.1
Total deferred outflows of resources	13.8	13.2	3.3	2.9	17.1	16.1	0%	9.9	9.4
Long-term liabilities	311.2	299.0	199.5	196.6	510.7	495.6	3%	91.6	86.3
Other liabilities	26.2	20.9	3.9	4.2	30.1	25.1	20%	9.8	15.0
Total liabilities	337.4	319.9	203.4	200.8	540.8	520.7	4%	101.4	101.3
Total deferred inflows of resources	15.6	21.9	0.8	1.6	16.4	23.5	0%	6.8	13.4
Net Position									
Net investment in capital assets	210.8	192.8	209.5	205.2	420.3	398.0	6%	6.6	6.5
Restricted for Capital projects	2.6	7.3	-	-	2.6	7.3	-64%	-	-
Restricted for Grants and other	2.3	2.2	-	-	2.3	2.2	5%	-	-
Unrestricted	(27.0)	(20.3)	16.3	10.8	(10.7)	(9.5)	13%	(85.3)	(87.7)
Total net position	\$ 188.7	\$ 182.0	\$ 225.8	\$ 216.0	\$ 414.5	\$ 398.0	4%	\$ (78.7)	\$ (81.2)

The City's total net position of \$414.5 million increased 4.1%, or \$16.5 million, from FY 2015.

Net investment in capital assets of \$420.3 million was 101.4% of total net position and increased 5.6%, or \$22.3 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 (\$10.7) million, which is comprised of (252.3%), or (\$27.0) million, for governmental activities, and 152.3%, or \$16.3 million, for business-type activities. Unrestricted net position available for providing services to the citizens decreased 12.6%, or \$1.2 million from FY 2015. Restricted net position of \$4.9 million is comprised of \$2.6 million of grant funds restricted for transportation projects and \$2.3 million of grant funds restricted mainly for public safety, and community development.

The Schools' component unit total net position of (\$78.7) million increased 3.1%, or \$2.5 million from FY 2015 as restated. Unrestricted net position of (\$85.3) million increased 2.74%, or \$2.4 million from FY 2015.

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, 2016/2015 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2016	2015	2016	2015	2016	2015	2016-2015	2016	2015
Revenues:									
Program Revenues:									
Charges for services	\$ 14.2	\$ 13.4	\$ 41.7	\$ 40.4	\$ 55.9	\$ 53.8	4%	\$ 2.0	\$ 1.8
Operating grants/contributions	43.4	42.1	0.4	0.4	43.8	42.5	3%	63.1	60.8
Capital grants/contributions	12.0	1.5	7.4	6.6	19.4	8.1	140%	-	1.0
General Revenues:									
Property taxes	77.7	75.7	-	-	77.7	75.7	3%	-	-
Other taxes	52.8	51.7	-	-	52.8	51.7	2%	-	-
Unrestricted intergovernmental	6.3	6.2	-	-	6.3	6.2	2%	-	-
Interest	0.5	0.3	0.1	0.1	0.6	0.4	50%	-	-
IRS Subsidy Build America Bonds	0.3	0.3	0.3	0.3	0.6	0.6	0%	-	-
Miscellaneous	1.4	2.2	0.1	-	1.5	2.2	-32%	1.4	0.7
Gain on sale of assets	0.2	0.3	-	-	0.2	0.3	-33%	-	-
City appropriation	-	-	-	-	-	-	-	42.6	36.3
Total Revenues	208.8	193.7	50.0	47.8	258.8	241.5	7%	109.1	100.6
Expenses:									
General government	14.5	13.7	-	-	14.5	13.7	6%	-	-
Judicial	6.3	6.3	-	-	6.3	6.3	0%	-	-
Public safety	48.5	48.7	-	-	48.5	48.7	0%	-	-
Public works	26.6	24.8	-	-	26.6	24.8	7%	-	-
Health and human services	28.8	27.3	-	-	28.8	27.3	5%	-	-
Cultural and recreational	10.1	9.8	-	-	10.1	9.8	3%	-	-
Community development	7.8	6.7	-	-	7.8	6.7	16%	-	-
Education	52.2	42.6	-	-	52.2	42.6	23%	106.6	95.5
Interest & other fiscal charges	7.3	7.2	-	-	7.3	7.2	1%	-	-
Stormwater	-	-	2.2	2.0	2.2	2.0	0%	-	-
Airport	-	-	4.6	4.5	4.6	4.5	2%	-	-
Water	-	-	14.4	13.2	14.4	13.2	9%	-	-
Sewer	-	-	19.0	18.4	19.0	18.4	3%	-	-
Total Expenses	202.1	187.1	40.2	38.1	242.3	225.2	8%	106.6	95.5
Increase in net position before transfers	6.7	6.6	9.8	9.7	16.5	16.3	1%	2.5	5.1
Transfers	-	(0.1)	-	0.1	-	-	-	-	-
Increase in net position	6.7	6.5	9.8	9.8	16.5	16.3	1%	2.5	5.1
Net position beginning - restated	182.0	175.5	216.0	206.2	398.0	381.7	4%	(81.2)	(86.3)
Net position ending	\$188.7	\$182.0	\$225.8	\$216.0	\$414.5	\$398.0	4%	\$(78.7)	\$(81.2)

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 \$188.7 million increased 3.7%, or \$6.7 million from FY 2015.

Revenue highlights:

Revenues from governmental activities of \$208.8 million increased 7.8%, or \$15.1 million from FY 2015.

Program revenues, specifically charges for services of \$14.2 million had an overall increase of \$0.8 million. The increase is mainly attributed to increases in permits, fees and other charges for community development of \$0.2 million; increases in Children's Services Act revenues of \$0.4 million; increases in police off duty fees of \$0.2 million offset by a decrease of \$0.1 million in revenue for the Detention Home.

Operating grants and contributions increased \$1.3 million. The net increase of \$1.3 million is attributed to a net gain between the receipt of new grants and/or increase in recurring grants as well as the reduction in prior year grants. Increases in grants of \$2.1 million are comprised of the following: Health and Human Services grants increased \$0.7 million, Community Development Block Grant funds increased \$0.5 million, Street and Highway Maintenance funds increased \$0.4 million, House Bill 599 Law Enforcement Assistance grants increased \$0.3 million, Forfeited Asset funds increased \$0.1 million, and Cultural and Recreation grant funds increased \$0.1 million. Decreases in grants of \$0.8 million are comprised of the following: Fire and Emergency Medical Services grants decreased \$0.4 million, Governor's Agriculture and Forestry Industries Development grant decreased \$0.3 million, and Home Investment Trust funds decreased \$0.1 million.

Capital grants and contributions increased \$10.5 million. The increase is mainly attributed to the following: \$3.3 million increase in reimbursements from the Virginia Department of Transportation (VDOT) revenue sharing program; \$0.3 million increase in reimbursements from VDOT for street overlay projects; \$0.1 million increase in Safe Routes to Schools grants; \$0.5 million decrease in federal reimbursements for Riverside Park; \$0.4 million increase in Federal Highway Safety Improvement Program funds for Memorial Avenue; \$1.3 million increase in contributions from Liberty University for the Liberty Mountain Drive Phase 1 project; \$0.1 million increase in contributions from Lynchburg City Schools for school building projects; \$0.1 million increase in federal reimbursement funds for the Lynchpin Industrial Park sidewalk; and \$5.4 million increase in contributions for assets donated to the City. Donated assets of \$5.3 million include the building and land at 307 Alleghany Avenue received in an exchange with Centra Health Inc.

General revenues, specifically property taxes of \$77.7 million, increased \$2.0 million. Property taxes are comprised mainly of real property and personal property taxes. Real property taxes increased \$1.0 million. The City's general reassessment of real property occurs biennially and is effective on July 1 of the fiscal year. The City's biennial reassessment was effective July 1, 2015 and resulted in a nominal increase in assessed value of taxable real property. Personal Property taxes increased \$0.9 million.

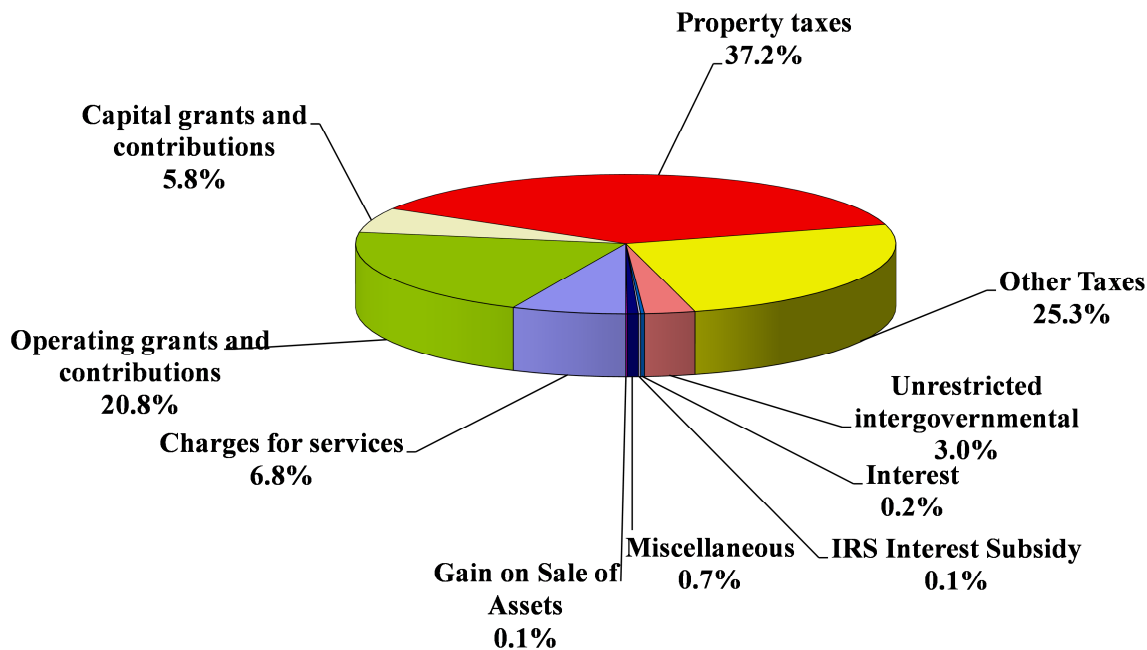
Other taxes revenue of \$52.8 million increased \$1.1 million. Other taxes are comprised mainly of revenue from local sales, meals, lodging, consumer utilities, business licenses, motor vehicle licenses, and communications sales and use taxes. The increase is mainly attributable to increases in meals, consumer utilities, business license, and motor vehicle license tax.

In accordance with the issuance of Build America Bonds, the City received \$0.3 million for IRS Subsidy.

Miscellaneous income decreased \$0.8 million primarily due to a decrease in one-time developer fees from the Miller Center Project.

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

Revenue by Source-Governmental Activities



Expense highlights:

Governmental activities expenses of \$202.1 million increased 8.0%, or \$15.0 million from FY 2015.

General government expenses increased \$0.8 million primarily due to a combination of increases and decreases in expenses. Increases included: other post-employment benefits (OPEB) of \$0.2 million, voting equipment and supplies of \$0.3 million, contracted services of \$0.1 million, information technology expenses of \$0.3 million, salaries of \$0.4 million, other insurance of \$0.1 million, and depreciation of \$0.1 million. Decreases included: retiree health insurance of \$0.6 million, and pension expense of \$0.1 million.

Public safety expenses decreased \$0.2 million primarily due to a combination of increases and decreases in expenses. Increases included: certification pay of \$0.3 million, OPEB of \$0.8 million, and salaries of \$0.3 million. Decreases included: insurance expenses of \$0.1 million, tools and supplies of \$0.1 million, vehicle expenses of \$0.1 million, gas and diesel expenses of \$0.2 million, law enforcement supplies of \$0.2 million, depreciation expense of \$0.1 million, pension expense of \$0.3 million, payments to the Detention Home of \$0.3 million, and payments to the Lynchburg Humane Society of \$0.2 million for shelter services.

Public works expenses increased \$1.8 million primarily due to the following: \$0.5 million increase in closure costs for the City's portion of the Lynchburg landfill, \$0.3 million increase in improvements to streets, roads, bridges, and buildings, \$0.3 million increase in salaries, \$0.2 million increase in depreciation expense, \$0.2 million increase in OPEB, \$0.1 million increase in expenses for chemicals, \$0.1 million increase in maintenance and repair expenses, \$0.1 million increase in refuse expenses, \$0.1 million decrease in utility expenses and \$0.1 million decrease in pension expense.

Health and human services expenses increased \$1.5 million primarily due to increases in adoption and foster care services, other post-employment benefits, salaries, and services for children under the Children's Services Act.

Cultural and recreational expenses increased \$0.3 million primarily due to the following: \$0.3 million increase in site improvements for City parks, \$0.1 million increase in OPEB, \$0.1 million increase in salaries, and \$0.2 million decrease in renovations for Armstrong school.

Community development expenses increased \$1.1 million primarily due to an increase of \$0.9 million in the City's required federal match to Greater Lynchburg Transit Company (GLTC) for capital projects and an increase of \$0.1 million in OPEB.

Education expenses increased \$9.6 million due to an increase in the local contribution to the schools of \$6.3 million, an increase in depreciation of \$0.2 million, an increase in expenses of \$4.0 million due to the write off of the old Heritage High school assets, and a decrease of \$1.0 million in vehicle expenses.

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 2016/2015
(in millions)***

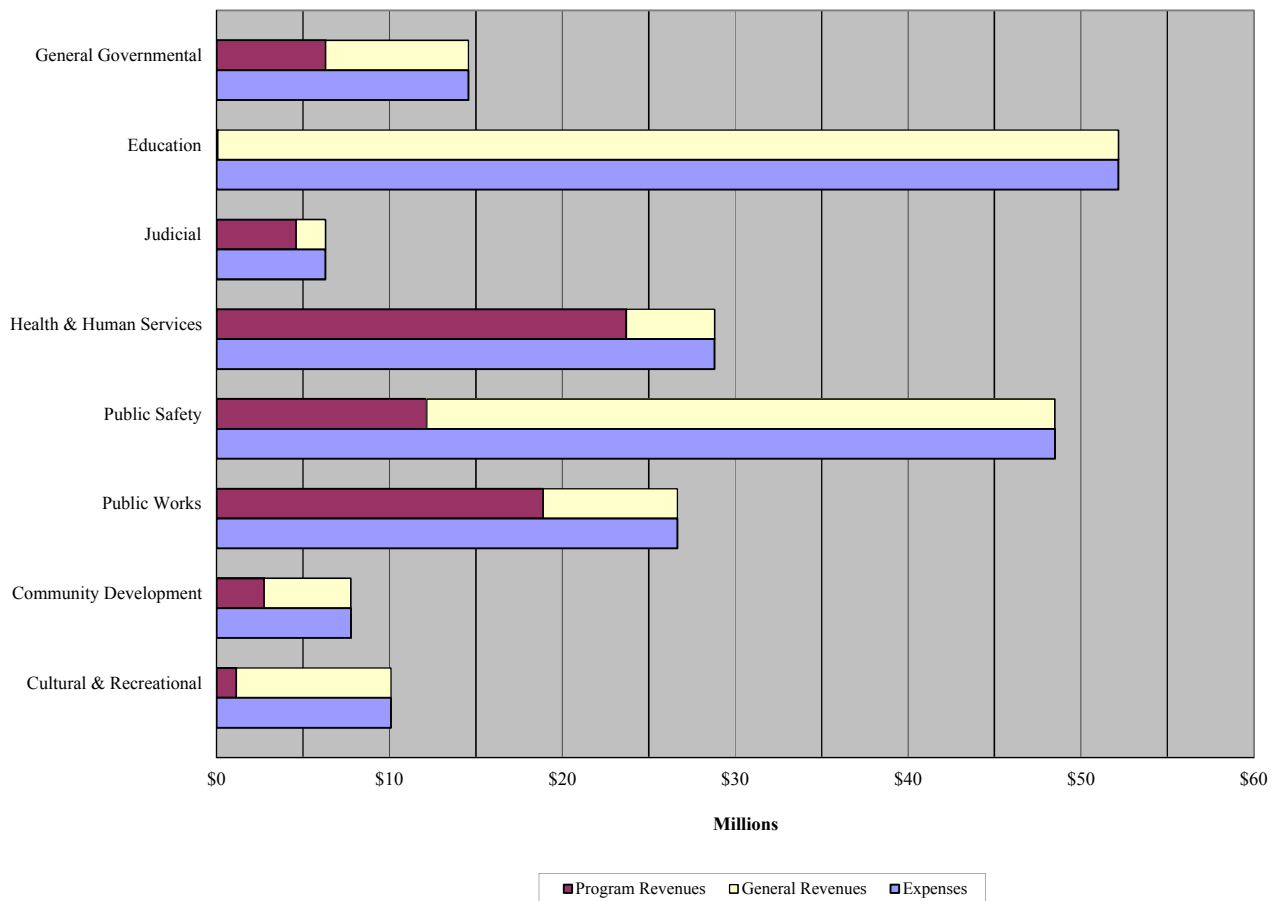
Governmental Activity	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2016	2015	2016-2015	2016	2015	2016-2015
General government	\$ 14.5	\$ 13.7	6%	\$ 8.2	\$ 12.8	-36%
Judicial	6.3	6.3	0%	1.7	1.7	0%
Public safety	48.5	48.7	0%	36.3	36.7	-1%
Public works	26.6	24.8	7%	7.8	11.4	-32%
Health and human services	28.8	27.3	5%	5.1	4.7	9%
Cultural and recreational	10.1	9.8	3%	8.9	8.7	2%
Community development	7.8	6.7	16%	5.0	4.3	16%
Education	52.2	42.6	23%	52.1	42.6	22%
Interest payments & other fiscal charges	7.3	7.2	1%	7.3	7.2	1%
Total Governmental Activities	<u>\$ 202.1</u>	<u>\$ 187.1</u>	<u>8.0%</u>	<u>\$ 132.4</u>	<u>\$ 130.1</u>	<u>2%</u>

The four largest funded programs were public safety at 24.0%, or \$48.5 million; local support for education at 25.8%, or \$52.2 million; public works at 13.2%, or \$26.6 million; and health and human services at 14.3%, or \$28.8 million. Education and public safety continued to be high priorities for the City.

The governmental activities total cost of services increased 8.0% from the prior year with a 2% increase in the net cost of services. The Statement of Net Position shows that the \$202.1 million in governmental activities program expenses were financed by \$14.2 million from those receiving services, \$43.4 million from operating grants and contributions, \$12.0 million from capital grants and contributions and \$132.5 million from general revenues. Overall, general revenues of \$139.2 million were \$6.8 million more than the \$132.4 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

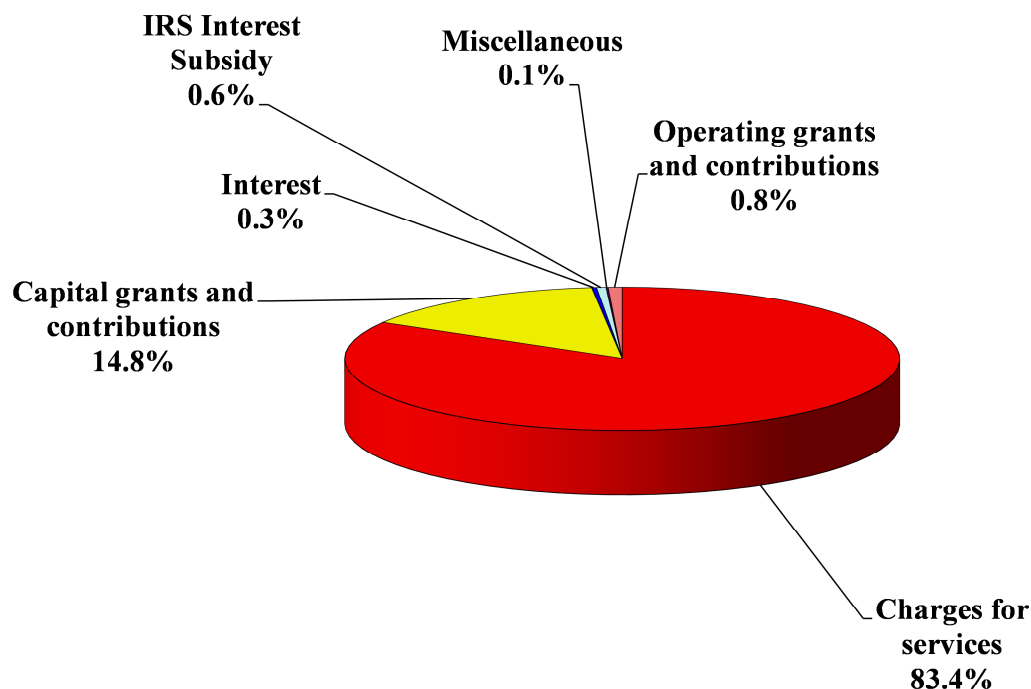
The business-type activities are comprised of enterprise funds for water, sewer, stormwater, and airport operations. Total net position of \$225.8 million increased 4.5%, or \$9.8 million from FY 2015.

Revenue highlights:

Business-type activities revenues of \$50.0 million increased \$2.2 million from the prior year. This was primarily due to an increase of \$1.1 million in charges for services in the Sewer fund for septic hauler waste fees, an increase of \$1.3 million in the Sewer fund for capital grants, an increase of \$0.4 million in the Water fund for capital grants, and a decrease of \$0.8 million in the Airport fund for capital grants.

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

Revenues by Source - Business-type Activities



Expense highlights:

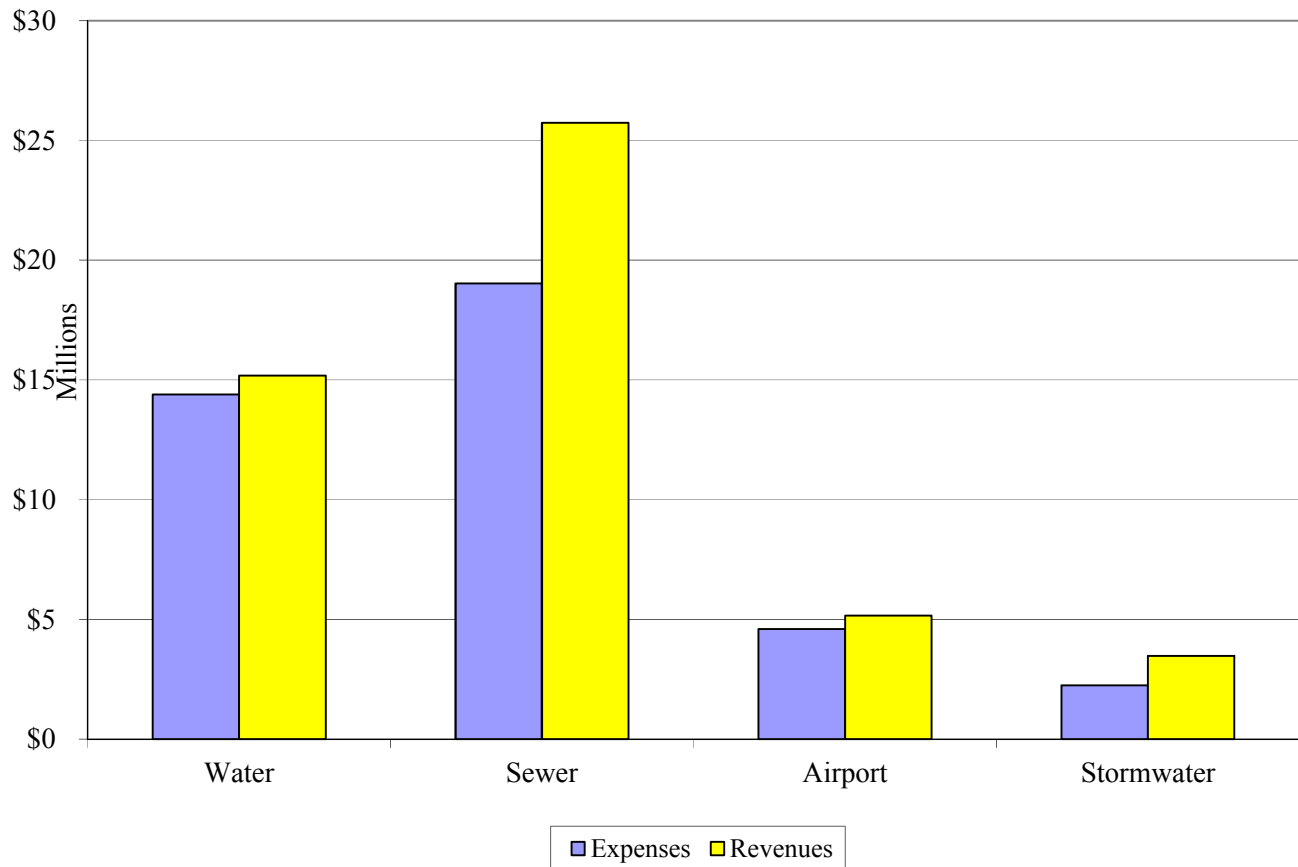
Business-type activities expenses of \$40.2 million increased 5.5%, or \$2.1 million, from the prior year. The increase was primarily due to the following: increase in depreciation expense of \$0.2 million, increase in salaries of \$0.5 million, increase in OPEB of \$0.2 million, increase in pension expense of \$0.3 million, increase in sludge disposal of \$0.3 million, and an increase in maintenance and repair expenses of \$0.2 million.

Overall, business-type activities revenues of \$50.0 million were \$9.8 million more than expenses of \$40.2 million.

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

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

Program Expenses and Program Revenues - Business-type Activities



Component Unit – Schools

The Schools' total net position of (\$78.7) million increased 3.1% or \$2.5 million, from FY 2015 as restated. Unrestricted net position of \$(85.3) million increased 2.7% or \$2.4 million from FY 2015 as restated.

Revenue highlights:

Total revenues of \$107.6 million increased 7.1%, or \$7.1 million in comparison with the prior year fund financial statements. For FY 2016, \$61.6 million or 57.2%, of total revenues were received from the Commonwealth of Virginia and the Federal Government as compared to \$61.7 million received in FY 2015. State sales tax receipts were \$10.3 million for FY 2016. The City government contributed \$42.6 million or 39.6%, to education. Federal revenues of \$12.2 million, included \$3.7 million from Title I funds to provide educational services to economically disadvantaged students. School Nutrition revenues of \$4.5 million included \$3.7 million from the federal government for the operation of the breakfast and lunch programs. Other revenue sources of \$3.4 million or 3.2% of total revenues included the following: school meals sales; tuition paid by participating school divisions to the Central Virginia Governor's School for Science and Technology; and other miscellaneous sources.

Expense highlights:

Total expenses of \$107.2 million increased 6.8% or \$6.8 million from the prior year fund financial statements. For FY 2016, \$75.8 million or 70.7% of total expenses related directly to providing instruction to 8,173 students and \$14.8 million or 13.8% supported maintenance and operations of school division facilities including the School Nutrition Program. Transportation costs for students were \$4.8 million or 4.5% of total expenses while administration for the schools and attendance and health services for students were \$5.4 million or 5.0%. Technology costs were \$3.3 million or 3.1% of total expenses. Capital outlay costs were \$3.1 million or 2.9% of total expenses.

FUND FINANCIAL ANALYSIS

Governmental Funds

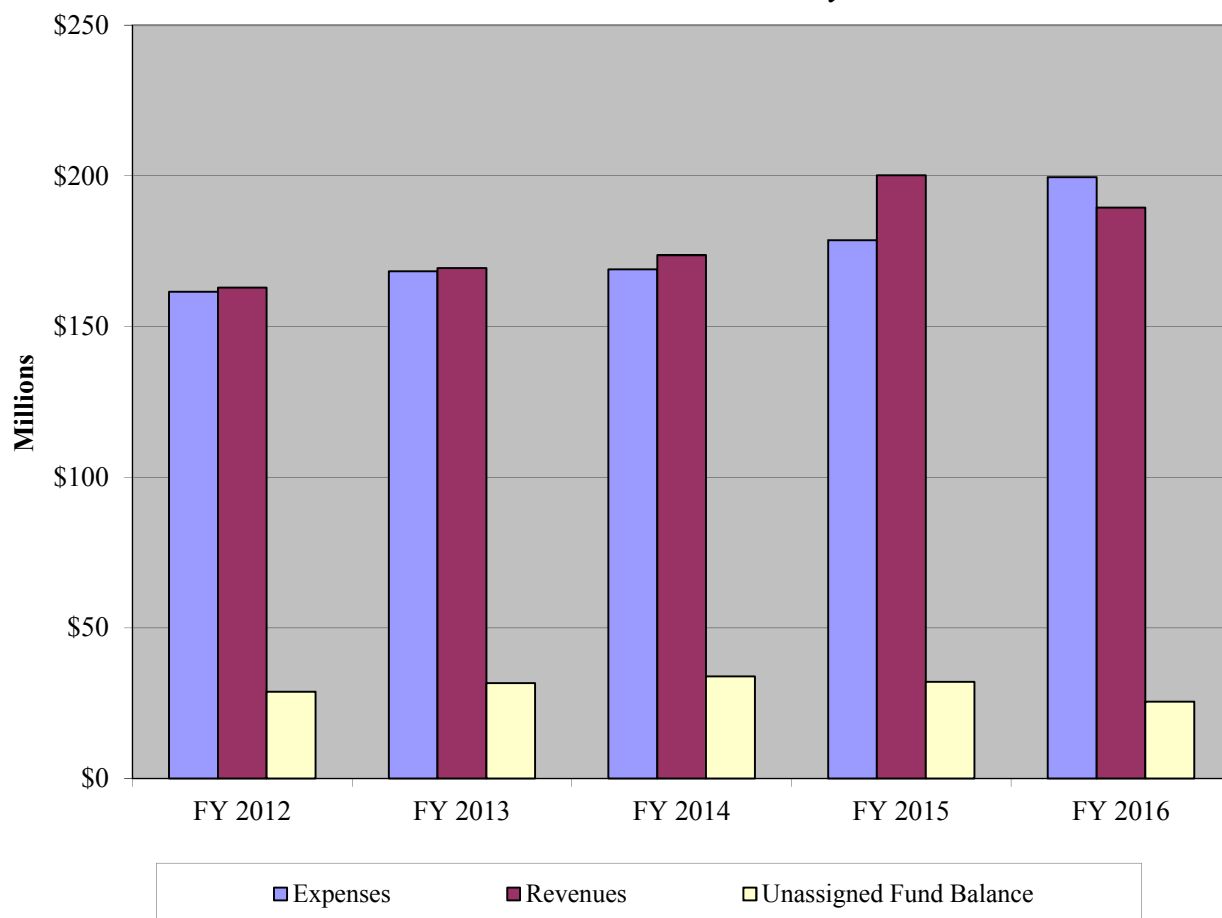
Governmental funds include the general fund, special revenue funds and capital projects funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. 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 2016, the City's governmental funds reported combined fund balances of \$101.1 million, a decrease of \$30.4 million from FY 2015. Of that amount, \$0.3 million was nonspendable, \$4.9 million was restricted, \$65.0 million was committed, \$5.3 million was assigned, and \$25.6 million was unassigned. The general fund's decrease in fund balance was \$10.1 million. The City capital projects fund's increase in fund balance was \$2.6 million. The school capital projects fund's decrease in fund balance was \$23.1 million. Special revenue funds increase in fund balance was \$0.1 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 14.6% of total general fund expenditures, while total fund balance represents 24.4% 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 2016 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
For Fiscal Year Ended June 30, 2016
(in millions)

<u>Description</u>	<u>General Fund Budgetary Highlights</u>			
	Original Budget	Amended Budget	Actual	Amended versus Actual
<u>Revenues & Other Financing Sources</u>				
Taxes	\$ 128.7	\$ 128.7	\$ 130.0	\$ 1.3
Intergovernmental	33.9	36.5	36.6	0.1
Other	13.3	22.1	22.8	0.7
Total	175.9	187.3	189.4	2.1
<u>Expenditures & Other Financing Uses</u>				
Expenditures	176.7	191.9	182.8	9.1
Transfers	9.1	17.4	16.4	1.0
Total	185.8	209.3	199.2	10.1
<u>Change in Fund Balance</u>	<u>\$ (9.9)</u>	<u>\$ (22.0)</u>	<u>\$ (9.8)</u>	<u>\$ 12.2</u>

Actual expenditures and other financing uses of \$199.2 million was more than revenues and other financing sources of \$189.4 million by \$9.8 million, which resulted in a negative change in fund balance that was less than the amended budget projected decrease of \$22.0 million. The FY 2016 adopted and amended budgets included the use of \$9.9 million and \$22.0 million, respectively, of the FY 2015 General Fund's unassigned fund balance primarily to resource a planned \$7.8 million transfer out for general government capital projects; \$0.6 million transfer to the fleet fund for vehicle replacements; \$0.6 million transfer to the technology fund for equipment purchases; and \$0.1 million transfer to the city federal state aid fund for matching funds on grants. This transfer is in accordance with City Council's adopted Fund Balance Policy (revised in FY 2016), 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. In summary, actual revenues were above the amended budget by \$2.1 million and actual expenditures were below the amended budget by \$10.1 million, resulting in a \$9.8 million decrease in fund balance for FY 2016.

Actual revenues were greater than estimated and within 1.1%, or \$2.1 million, of the amended budget. Public service corporations, local sales, meals, delinquent, bank stock, lodging, and other local taxes were above the amended budget for FY 2016. Intergovernmental revenue was on pace with the amended budget. The other revenue category was \$0.7 million more than the amended budget due in part to the issuance of refunding bonds, as well as increases in regulatory licenses, permits and privilege fees, interest income, and miscellaneous revenue.

Actual expenditures and transfers were \$10.1 million less than the FY 2016 amended budget and mostly attributable to the following unexpended appropriations:

- \$2.2 million for general government
- \$0.2 million for judicial
- \$1.2 million for public safety
- \$0.5 million for public works
- \$1.3 million for health and human services
- \$0.3 million for cultural and recreational
- \$1.3 million for education
- \$1.9 million for debt service
- \$1.0 million for transfers

Consistent with Council adopted Financial Policies; City Council appropriated \$1.2 million for a General Fund Reserve for Contingencies. City Council authorized 17.4%, or \$0.2 million in expenditures from this contingency. The remaining 82.6%, or \$1.0 million, reverted to unassigned fund balance.

From the original budget of \$185.8 million, City Council approved budget amendments to increase the budget 12.6%, or \$23.5 million, resulting in an amended budget of \$209.3 million. The budget amendments were primarily for the following purposes:

- \$2.6 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 2016 amendment was comprised primarily of \$2.4 million for health and human services programs.
- \$8.3 million increase for the issuance of refunding bonds.
- \$1.8 million increase to the budget comprised primarily of \$1.1 million for prior year unexpended items requested to be re-appropriated in the current year to continue programs; \$0.2 million for transfers to the City capital projects fund for capital projects; \$0.3 million for expenses for snow removal and \$0.1 million for public works projects.
- \$2.2 million increase for a transfer to the City capital projects fund for stadium renovations.
- \$5.5 million increase for a transfer to the School capital projects fund for school capital and maintenance projects.

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 \$42.9 million increased 6.5%, or \$2.6 million, from FY 2015.

Revenues, issuance of bonds, and transfers of \$37.0 million increased 2.2%, or \$0.8 million. The increase is attributable to the following:

- \$3.3 million increase in reimbursements from the Virginia Department of Transportation (VDOT) revenue sharing program
- \$3.2 million increase in transfers from the general fund
- \$1.3 million increase in contributions for the Liberty Mountain Drive Phase 1 project
- \$5.9 million decrease in bond proceeds
- \$1.1 million decrease in Historical Tax credits for Miller Center Renovation

Expenditures, capital outlay, and capital contributions of \$34.4 million increased 55.7%, or \$12.3 million primarily due to the following:

- \$3.8 million increase for Kemper Street Bridge
- \$3.4 million increase for Juvenile Services Group Home
- \$2.5 million increase for City Football Stadium Renovations
- \$1.9 million increase for Midtown Connector
- \$1.6 million increase for Liberty Mountain Drive Phase 1 project
- \$1.3 million increase for Timberlake Road at Logans Lane and Wards Ferry Road
- \$1.0 million increase in contributions for Public Transportation
- \$0.5 million increase for renovations to Fire Station #6
- \$0.4 million increase for Memorial Avenue Intersection Improvements
- \$1.4 million decrease for Lower Bluffwalk
- \$0.9 million decrease for Greenview Drive Phase II Project
- \$0.7 million decrease for Wards Road Pedestrian and Bicycle Improvements
- \$0.6 million decrease for Miller Center Renovations
- \$0.3 million decrease for the Library Storytime Room
- \$0.2 million decrease for Street Overlay

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 \$12.7 million decreased \$23.1 million, from FY 2015.

Revenues and transfers of \$4.8 million decreased \$66.8 million. The decrease is attributable to the following:

- \$67.4 million decrease in proceeds from bonds related to the construction of the new Heritage High School
- \$0.1 million increase in capital contribution from the Lynchburg City Schools
- \$0.5 million increase in transfers from the General Fund

Expenditures and capital outlay of \$27.9 million decreased \$8.9 million primarily due to the following:

- \$6.8 million decrease in expenditures for Heritage High School
- \$1.0 million decrease in expenditures for school bus replacement
- \$0.4 million decrease in expenditures for roof replacement
- \$0.3 million decrease in Bedford Hills Elementary School new classrooms
- \$0.3 million increase in Dunbar Middle School Tennis Courts
- \$0.2 million decrease in expenditures for E.C. Glass turf replacement
- \$0.2 million decrease in expenditures for E.C. Glass tennis court renovations
- \$0.2 million increase in Dearington Elementary School – replace Lighting
- \$0.2 million decrease in E.C. Glass Tennis Court Renovations
- \$0.1 million decrease in expenditures for Dunbar Middle School boiler replacement
- \$0.1 million decrease in expenditures for School Administrative Building elevator replacement
- \$0.1 million increase in Paul Munro elementary School 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 \$34.3 million increased 3.3%, or \$1.1 million, from FY 2015. Net investment in capital assets of \$27.6 million decreased 3.5%, or \$1.0 million, and was 80.5% of total net position. Unrestricted net position available to fund future expenses increased by 45.7% or \$2.1 million. This was primarily due to increase in cash and cash equivalents. Unrestricted net position was 19.5%, or \$6.7 million, of total net position. Operating revenues totaled \$14.8 million, and increased 0.7%, or \$0.1 million. Operating expenses totaled \$12.4 million and increased 7.8% mostly attributable to salaries and benefits. Investment earnings increased \$0.02 million. For FY 2016 the fund balance ratio was 66.4% as compared to the City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.41, as compared to the City Council's financial policy minimum target of 1.2.

Sewer Fund

The sewer fund's total net position of \$153.1 million increased 4.9%, or \$7.1 million, from FY 2015. Net investment in capital assets of \$144.9 million increased 4.5%, or \$6.3 million, primarily due to a reduction of outstanding long-term debt that was used to finance capital projects. Net investment in capital assets was 94.6% of total net position. Unrestricted net position available to fund future expenses increased by 10.8%, or \$0.8 million. This was mostly attributable to increase in cash, cash equivalents, and investments. Unrestricted net position was 5.4%, or \$8.2 million of total net position. Operating revenues totaled \$21.3 million and increased 5.4%, or \$1.1 million, primarily due to an increase in septic hauler waste volume. Operating expenses totaled \$17.8 million and increased 3.5% or \$0.6 million. Investment earnings increased \$0.01 million. For FY 2016 the fund balance ratio was 29.4% as compared to the City Council's financial policy target range of 25% to 40%. The debt coverage ratio was 1.27, as compared to City Council's financial policy minimum target of 1.2 and was in compliance with the CSO Order requirements. Please refer to the Table 22 in Statistical Section of this report for details.

Stormwater Fund

The stormwater fund's total net position of \$4.9 million increased 28.9%, or \$1.1 million, from FY 2015. Net investment in capital assets of \$2.5 million increased 25.0%, or \$0.5 million primarily due to completion of capital projects and capital projects that are on-going. Net investment in capital assets was 51.0% of total net position. Unrestricted net position available to fund future expenses increased by 33.3%, or \$0.6 million. This was primarily due to increase in cash and cash equivalents. Unrestricted net position was 49.0%, or \$2.4 million, of total net position. Operating revenues totaled \$3.5 million and was unchanged as compared to FY 2015. Operating expenses totaled \$2.3 million and increased 15.0%, or \$0.3 million mostly attributable to increased administration and salaries and benefits. For FY 2016 the fund balance ratio was 37.1% as compared to City Council's financial policy target range of 15% to 20%.

Airport Fund

The airport fund's total net position of \$37.7 million increased 1.6%, or \$0.6 million, from FY 2015. Net investment in capital assets, of \$34.5 million, decreased 4.2%, or \$1.5 million. Net investment in capital assets was 91.5% of total net position. Net position, unrestricted, increased 190.9%, or \$2.1 million. Net position, unrestricted, was 8.5%, or \$3.2 million, of net position. Operating revenues increased 8.3%, to \$2.6 million, a \$0.2 million increase. Operating expenses totaled \$4.6 million, which was unchanged from FY 2015. Capital contributions totaled \$2.3 million, a decrease of 25.8%, or \$0.8 million, which represents a decrease of federal contributions towards airport capital projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets, net of depreciation, were \$747.1 million as reflected in the following schedule. The City of Lynchburg owns the land, buildings, and facilities used by Lynchburg City Schools. The Schools had \$6.6 million in capital assets exclusive of buildings and facilities, which were capitalized as the City's assets.

Capital Assets As of June 30, 2016/2015 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change	Component Unit Schools	
	2016	2015	2016	2015	2016	2015	2016-2015	2016	2015
Capital assets, not being depreciated:									
Land	\$ 20.0	\$ 17.5	\$ 5.1	\$ 5.1	\$ 25.1	\$ 22.6	11%	\$ -	\$ -
Construction in progress	29.6	62.7	14.4	20.8	44.0	83.5	-47%	-	-
Capital assets, being depreciated:									
Land improvements	48.1	39.6	12.8	12.6	60.9	52.2	17%	-	-
Buildings and improvements	279.9	239.3	57.8	57.1	337.7	296.4	14%	-	-
Infrastructure	261.9	235.7	452.0	435.1	713.9	670.8	6%	-	-
Machinery and equipment	49.3	48.0	22.4	22.0	71.7	70.0	2%	14.7	14.0
Less: Accumulated depreciation	(314.9)	(310.3)	(191.3)	(178.9)	(506.2)	(489.2)	3%	(8.1)	(7.4)
Total Capital Assets	<u>\$ 373.9</u>	<u>\$ 332.5</u>	<u>\$ 373.2</u>	<u>\$ 373.8</u>	<u>\$ 747.1</u>	<u>\$ 706.3</u>	<u>6%</u>	<u>\$ 6.6</u>	<u>\$ 6.6</u>

During FY 2016, the City's net increase in capital assets was 6% or \$40.8 million. Major capital assets completed and placed in service included the following:

- Phase 2 of the Heritage High School building project was completed at a cost of \$55.0 million which was financed by general obligation bonds. The former Heritage High School assets with a net book value of \$4.0 million were written off.
- Phase 1 of the Midtown Connector project was completed at a cost of \$24.3 million which was financed by a combination of Federal, State, and local grants.
- Several Sewer Infrastructure projects were completed at a cost of \$9.6 million with funding from Virginia Revolving Loan Program funds, State and Federal Combined Sewer Overflow (CSO) grants, and general obligation bonds.

- Several Water Infrastructure projects were completed at a cost of \$1.8 million with funding from Virginia Revolving Loan Program funds, and general obligation bonds.
- Blue Ridge Farms water and sewer improvements Phase 2 were completed at a cost of \$1.7 million with funding from local pay-as-you funds.
- Land acquisition at Timberlake Road / Logan's Lane / and Wards Ferry Road for \$1.6 million with funding from local pay-as-you-go funds.
- Aging water lines were replaced on Federal Street at a cost of \$1.5 million with funding from local pay-as-you-go funds.
- Roof was replaced at E.C. Glass High School at a cost of \$1.3 million with funding from general obligation bonds and local pay-as-you-go funds.
- Land and building located at 307 Alleghany Avenue was received in a property exchange with Centra Health Inc. (Centra). The land and building are valued at \$5.3 million. Centra received the land and building located at 1900 Thomson Drive.

On-going replacement of the vehicle fleet was completed at a cost of \$2.8 million and was financed with local pay-as-you-go funds.

Construction-in-progress at the end of FY 2016 includes additional CSO abatement projects, Heritage High School Demolition, Kemper Street Bridge, City Football Stadium Restorations, Juvenile Detention Home and Water & Sewer projects, Miller Center Renovation and Downtown Central Bus Area Improvements. Additional information on the City's capital assets can be found in Note 8 of this report.

Long-term Debt

Total outstanding debt was \$374.6 million with \$181.4 million of business-type activities debt supported by the individual funds, resulting in net bonded debt for governmental activities of \$193.2 million. Liabilities for compensated absences and workers compensation of \$7.6 million and OPEB liability of \$7.7 million were excluded.

Long-term Debt Obligations As of June 30, 2016/2015 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change
	2016	2015	2016	2015	2016	2015	2016-2015
General Obligation Bonds	\$ 191.8	\$ 186.5	\$ 76.4	\$ 70.4	\$ 268.2	\$ 256.9	4%
Revenue Bonds	-	-	105.0	111.2	105.0	111.2	-6%
Note Payable	1.4	1.6	-	-	1.4	1.6	-13%
Total	<u>\$ 193.2</u>	<u>\$ 188.1</u>	<u>\$ 181.4</u>	<u>\$ 181.6</u>	<u>\$ 374.6</u>	<u>\$ 369.7</u>	<u>1%</u>

Total new debt of \$47.3 million was issued, of which \$23.5 million was for governmental activities; and \$23.8 million was for business-type activities and include:

- \$26.9 million of general obligation public improvement bonds to fund new construction projects including transportation, economic development, water, and sewer projects, of which \$15.7 million was for governmental activities and \$11.2 million was for business-type activities.
- \$20.4 million of general obligation public improvement advanced refunding bonds, of which \$7.8 million was for governmental activities and \$23.8 million was for business-type activities.

The City retired \$42.4 million of outstanding principal. The governmental activities principal retirements were \$18.3 million and the business-type activities principal retirements were \$24.1 million and include:

- \$21.0 million in planned principal retirements, of which \$10.5 million was for governmental activities and \$10.5 million was for business-type activities.
- \$21.4 million of refunded principal payments, of which \$7.9 million was for governmental activities and \$13.5 million was for business-type activities.

The City's general obligation bonds continued to maintain an Aa2 rating from Moody's Investors Service dated April 19, 2016; an AA+ rating from Fitch Ratings dated April 21, 2016; and, an AA+ from Standard & Poor's Ratings Services dated April 21, 2016. These credit ratings were related to the City's issuance of the May 19, 2016 General Obligation Public Improvement and Refunding Bonds, Series 2016 of \$47,295,000 with final maturity on February 1, 2046. Factors contributing to these ratings include Lynchburg's:

- stable and diverse tax base of multiple higher education institutions and a large regional health care facility;
- regional employment base with manufacturing, healthcare, higher education, and retail;
- regional commerce center for retail and economic activity;
- strong management; with strong financial policies and practices;
- strong budgetary flexibility and strong fund balance positions resulting in a sound financial position; and
- above average and affordable debt burden.

On May 19, 2016, the City issued \$47,295,000 of General Obligation Public Improvement and Refunding Bonds, Series 2016 dated May 19, 2016 from its competitive bond sale on April 27, 2016. New bond proceeds totaled \$26.9 million of which \$15.7 million was for governmental activities and \$11.2 million was for business-type activities. The \$15.7 million of new proceeds for governmental activities will be used to fund transportation and economic development projects. The \$11.2 million of new proceeds will be used to fund business-type activities as follows: \$5.8 million for sewer projects and \$5.4 million for water projects. The City issued \$20.4 million to advance refund \$21.4 million of the August 2, 2007 General Obligation Public Improvement Bonds for maturities from FY 2019 to FY 2038. Of this \$20.4 million in refunding bonds, \$7.8 million was governmental activities and \$7.8 million was for business-type activities. The refunded bonds of \$21.4 million were \$7.9 million of governmental activities and \$13.5 million of business-type activities. Over the next twenty two years, the advance refunding reduced total debt service payments by \$3.8 million and resulted in an economic gain of \$3.2 million.

The City Council adopted Debt Management Policy was amended in December 2006 and limited tax-supported debt not to exceed 4.5% of net assessed valuation of taxable property in the City. As of the end of FY 2016, outstanding tax-supported debt was 3.39% of net assessed valuation. In addition, the City Council adopted Budget Policy was amended in December 2006. It established that pay-as-you-go funding, as a percentage of the City's Five Year Capital Improvement Program, shall not be less than 10%, and it set a goal of 15%. Both policies were reaffirmed by City Council on November 23, 2010 with one Debt Management Policy revision to debt service payments for revenue supported debt from twenty to thirty years. Most recently, on February 26, 2013, City Council amended the Debt Management Policy to revise the 10-Year Principal Payout Ratio. The revision included the following provision for the Capital Improvement Program. "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." City Council revised the Debt Policy on March 22, 2016 with revisions to revenue supported debt in order to comply with the new Consent Order regarding the Combined Sewer Overflow (CSO) program. The Principal Payout Ratio as of June 30, 2016 was 63.28%.

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

ECONOMIC FACTORS

The City's unemployment rate decreased from 6.5% in June 2015 to 5.7% in June 2016. This decrease of 0.8% reflects the continued growth in the economy. The City's unemployment rate typically trends above the State rate, which was 4.0% in June 2016. For three years, the City's unemployment rate has trended above the National rate, which was 5.1% for the same period. This trend is due to the increasing student population in the City. 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 a 1.3% increase in taxable assessed value over FY 2015. Frito Lay, Inc., the City's second largest principal property taxpayer, saw a 3.1% increase in taxable assessed value over FY 2015. The ten principal property taxpayers, as a whole, realized an increase of 2.3% in taxable assessed value when compared to FY 2015. The City remains the retail hub for the region and has seen continued growth in the medical services and higher education sectors. Other important sectors of the Lynchburg economy include wireless technology, engineering, finance, retail, restaurants, and lodging.

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 Director of Financial Services, City of Lynchburg, 900 Church Street, Lynchburg, VA, 24504, or via telephone at 434-455-3968. This report, the FY 2016 Operating and Capital Budgets, and FY 2016-2020 Capital Improvement Program are on the City's web site at www.lynchburgva.gov.

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BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2016

	Governmental Activities	Business- Type Activities	Total Primary Government	Component Units		Total Reporting Unit
				Lynchburg City Schools	Other	
Assets						
Cash and cash equivalents	\$ 52,954,225	\$ 21,856,333	\$ 74,810,558	\$ 7,242,645	\$ 974,884	\$ 83,028,087
Investments	21,790,878	7,646,083	29,436,961	-	-	29,436,961
Receivables, net of allowance	20,794,531	5,311,712	26,106,243	707,606	1,491,708	28,305,557
Internal balances	4,051,615	(4,051,615)	-	-	-	-
Due from other governments	7,825,438	1,041,272	8,866,710	4,597,642	1,540,940	15,005,292
Due from component units	1,911,387	-	1,911,387	-	-	1,911,387
Inventory	28,731	462,684	491,415	35,371	176,384	703,170
Prepays and other assets	6,436,728	-	6,436,728	368,942	13,207	6,818,877
Restricted assets:						
Cash and cash equivalents	38,218,921	17,026,055	55,244,976	-	-	55,244,976
Due from other governments	-	4,230,325	4,230,325	-	-	4,230,325
Capital assets, net of accumulated depreciation	373,903,077	373,222,951	747,126,028	6,632,548	33,889,990	787,648,566
Total assets	527,915,531	426,745,800	954,661,331	19,584,754	38,087,113	1,012,333,198
Deferred Outflows of Resources						
Deferred charge on refunding	4,070,632	2,080,166	6,150,798	-	-	6,150,798
Pension contributions subsequent to measurement date	9,704,350	1,246,703	10,951,053	7,992,708	-	18,943,761
Change in proportion - teacher cost sharing pool	-	-	-	1,960,470	-	1,960,470
Total deferred outflows of resources	13,774,982	3,326,869	17,101,851	9,953,178	-	27,055,029
Liabilities						
Accounts payable and other liabilities	16,196,689	1,976,728	18,173,417	1,137,217	1,986,612	21,297,246
Accrued payroll and related liabilities	5,649,478	333,690	5,983,168	6,893,901	-	12,877,069
Accrued interest payable	1,235,523	698,015	1,933,538	-	-	1,933,538
Due to other governments	934,257	111	934,368	-	1,331,060	2,265,428
Due to primary government	-	-	-	1,779,622	131,765	1,911,387
Unearned revenue/prepaid rent	2,067,892	-	2,067,892	-	-	2,067,892
Deposits payable from restricted assets	141,766	923,681	1,065,447	-	-	1,065,447
Noncurrent liabilities:						
Net pension liability	91,320,676	11,731,817	103,052,493	86,614,422	-	189,666,915
Other noncurrent liabilities due within one year	12,096,832	10,859,586	22,956,418	689,075	-	23,645,493
Other noncurrent liabilities due in more than one year	207,750,000	176,903,933	384,653,933	4,335,123	255,165	389,244,221
Total liabilities	337,393,113	203,427,561	540,820,674	101,449,360	3,704,602	645,974,636
Deferred Inflows of Resources						
Property taxes	8,996,799	-	8,996,799	-	-	8,996,799
Net difference between projected and actual investment earnings on pension plan investments	5,718,508	734,647	6,453,155	5,582,902	-	12,036,057
Difference between expected and actual experience	884,929	113,685	998,614	1,209,000	-	2,207,614
Total deferred inflows of resources	15,600,236	848,332	16,448,568	6,791,902	-	23,240,470
Net Position						
Net investment in capital assets	210,809,815	209,526,622	420,336,437	6,632,548	33,889,990	460,858,975
Restricted for:						
Capital projects	2,597,036	-	2,597,036	-	-	2,597,036
Grants	2,282,179	-	2,282,179	-	-	2,282,179
Passenger facility charges	-	3,478	3,478	-	-	3,478
Unrestricted	(26,991,866)	16,266,676	(10,725,190)	(85,335,878)	492,521	(95,568,547)
Total net position	\$ 188,697,164	\$ 225,796,776	\$ 414,493,940	\$ (78,703,330)	\$ 34,382,511	\$ 370,173,121

Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		Total Reporting Unit
					Governmental Activities	Business-type Activities	Total	Lynchburg City Schools	Other	
Primary government:										
Governmental activities:										
General government	\$ 14,564,945	\$ 521,930	\$ 341,820	\$ 5,452,100	\$ (8,249,095)	\$ -	\$ (8,249,095)	\$ -	\$ -	\$ (8,249,095)
Judicial	6,294,658	807,987	3,805,039	-	(1,681,632)	-	(1,681,632)	-	-	(1,681,632)
Public safety	48,490,912	6,566,743	5,600,556	-	(36,323,613)	-	(36,323,613)	-	-	(36,323,613)
Public works	26,656,472	1,310,028	11,083,733	6,507,005	(7,755,706)	-	(7,755,706)	-	-	(7,755,706)
Health and human services	28,802,640	2,817,336	20,891,517	-	(5,093,787)	-	(5,093,787)	-	-	(5,093,787)
Cultural and recreational	10,090,164	860,612	293,126	-	(8,936,426)	-	(8,936,426)	-	-	(8,936,426)
Community development	7,764,713	1,352,602	1,402,440	-	(5,009,671)	-	(5,009,671)	-	-	(5,009,671)
Education	52,163,773	-	-	80,355	(52,083,418)	-	(52,083,418)	-	-	(52,083,418)
Interest payments and other fiscal charges	7,012,279	-	-	-	(7,012,279)	-	(7,012,279)	-	-	(7,012,279)
Issuance costs	268,267	-	-	-	(268,267)	-	(268,267)	-	-	(268,267)
Total governmental activities	202,108,823	14,237,238	43,418,231	12,039,460	(132,413,894)	-	(132,413,894)	-	-	(132,413,894)
Business-type activities:										
Stormwater	2,250,406	3,209,504	275,000	-	-	1,234,098	1,234,098	-	-	1,234,098
Airport	4,590,497	2,446,873	134,592	2,582,334	-	573,302	573,302	-	-	573,302
Water	14,392,767	14,811,555	-	362,917	-	781,705	781,705	-	-	781,705
Sewer	19,032,652	21,264,506	-	4,471,358	-	6,703,212	6,703,212	-	-	6,703,212
Total business-type activities	40,266,322	41,732,438	409,592	7,416,609	-	9,292,317	9,292,317	-	-	9,292,317
Total primary government	\$ 242,375,145	\$ 55,969,676	\$ 43,827,823	\$ 19,456,069	(132,413,894)	9,292,317	(123,121,577)	-	-	(123,121,577)
Component units:										
Lynchburg City Schools	\$ 106,583,733	\$ 1,963,813	\$ 63,113,566	\$ -	-	-	-	(41,506,354)	-	(41,506,354)
Greater Lynchburg Transit Company	9,735,966	1,087,084	6,149,890	12,248,684	-	-	-	-	9,749,692	9,749,692
Business Development Centre	242,928	257,129	4,000	-	-	-	-	-	18,201	18,201
Total component units	\$ 116,562,627	\$ 3,308,026	\$ 69,267,456	\$ 12,248,684	-	-	-	(41,506,354)	9,767,893	(31,738,461)
General revenues:										
Property taxes					77,654,736	-	77,654,736	-	-	77,654,736
Local sales and use taxes					14,995,131	-	14,995,131	-	-	14,995,131
Meals taxes					14,188,513	-	14,188,513	-	-	14,188,513
Consumer utility taxes					4,660,389	-	4,660,389	-	-	4,660,389
Business license taxes					8,826,486	-	8,826,486	-	-	8,826,486
Communications sales and use taxes					3,282,767	-	3,282,767	-	-	3,282,767
Other taxes					6,862,577	-	6,862,577	-	-	6,862,577
Unrestricted intergovernmental					6,291,034	-	6,291,034	-	-	6,291,034
Interest					477,313	136,484	613,797	-	-	613,797
IRS interest subsidy - Build America Bonds					272,975	276,573	549,548	-	-	549,548
Miscellaneous					1,374,166	56,305	1,430,471	1,413,644	-	2,844,115
Gain on sale of assets					179,924	6,866	186,790	-	-	186,790
City appropriation					-	-	-	42,621,770	-	42,621,770
Total general revenues					139,066,011	476,228	139,542,239	44,035,414	-	183,577,653
Changes in net position					6,652,117	9,768,545	16,420,662	2,529,060	9,767,893	28,717,615
Net position - beginning, as restated (Notes 11 and 12)					182,045,047	216,028,231	398,073,278	(81,232,390)	24,614,618	341,455,506
Net position - ending					\$ 188,697,164	\$ 225,796,776	\$ 414,493,940	\$ (78,703,330)	\$ 34,382,511	\$ 370,173,121

Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	City Capital Projects	School Capital Projects	Other Governmental	Total Governmental
Assets					
Cash and cash equivalents	\$ 29,463,092	\$ 11,514,057	\$ 8,133,012	\$ 1,879,605	\$ 50,989,766
Investments	12,205,106	8,837,737	-	-	21,042,843
Receivables, net of allowance:					
Taxes excluding penalties	13,912,277	-	-	-	13,912,277
Accounts	4,947,740	-	-	-	4,947,740
Other	1,075,891	300,000	-	151,574	1,527,465
Due from other funds	1,878,267	-	-	587,498	2,465,765
Due from other governments	2,754,210	2,483,703	-	2,587,525	7,825,438
Due from component units	1,786,387	-	-	125,000	1,911,387
Other assets	-	-	-	213	213
Restricted assets:					
Cash and cash equivalents	158,237	27,092,536	10,452,552	515,596	38,218,921
Total assets	<u>\$ 68,181,207</u>	<u>\$ 50,228,033</u>	<u>\$ 18,585,564</u>	<u>\$ 5,847,011</u>	<u>\$ 142,841,815</u>
Liabilities					
Accounts payable and other liabilities	\$ 1,828,525	\$ 7,355,752	\$ 5,843,091	\$ 1,030,853	\$ 16,058,221
Accrued payroll and related liabilities	5,788,227	2,248	-	133,340	5,923,815
Due to other funds	681,872	-	-	1,878,267	2,560,139
Due to other governments	481,397	-	-	98,860	580,257
Unearned revenue/prepaid rent	2,067,892	-	-	-	2,067,892
Deposits payable from restricted assets	141,766	-	-	-	141,766
Total liabilities	<u>10,989,679</u>	<u>7,358,000</u>	<u>5,843,091</u>	<u>3,141,320</u>	<u>27,332,090</u>
Deferred Inflows of Resources					
Unavailable/unearned revenue	14,230,012	-	-	198,116	14,428,128
Total deferred inflows of resources	<u>14,230,012</u>	<u>-</u>	<u>-</u>	<u>198,116</u>	<u>14,428,128</u>
Fund Balances					
Nonspendable	-	300,000	-	-	300,000
Restricted	-	2,597,036	-	2,282,179	4,879,215
Committed	12,139,666	39,972,997	12,742,473	125,384	64,980,520
Assigned	5,232,752	-	-	100,012	5,332,764
Unassigned	25,589,098	-	-	-	25,589,098
Total fund balances	<u>42,961,516</u>	<u>42,870,033</u>	<u>12,742,473</u>	<u>2,507,575</u>	<u>101,081,597</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 68,181,207</u>	<u>\$ 50,228,033</u>	<u>\$ 18,585,564</u>	<u>\$ 5,847,011</u>	<u>\$ 142,841,815</u>

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016**

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

Ending fund balance - governmental funds		\$ 101,081,597
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		359,734,387
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		5,431,329
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		1,400,000
Deferred outflow of resources used to reflect deferred losses on debt refunding bonds are not reported in the governmental funds.		3,886,223
Certain receivables are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		5,044,133
Internal service fund activity that has been allocated to the user departments.		4,140,578
Internal service fund is used by management to charge the costs of vehicle maintenance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets.		11,979,046
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources for employer contributions	9,622,880	
Deferred inflows of resources for the net difference between projected and actual investment earnings on pension plan investments	(5,670,500)	
Deferred inflows of resources for the difference between expected and actual experience	(877,500)	
Net pension liability	<u>(90,554,020)</u>	(87,479,140)
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	(200,573,921)	
Accrued interest payable	(1,221,190)	
Notes payable	(1,400,000)	
Compensated absences	(4,200,054)	
Workers' compensation	(2,183,224)	
Other post-employment benefits obligation	<u>(6,942,600)</u>	(216,520,989)
Net position of governmental activities		<u>\$ 188,697,164</u>

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General	City Capital Projects	School Capital Projects	Other Governmental	Total Governmental
Revenues					
Taxes	\$ 130,022,195	\$ -	\$ -	\$ -	\$ 130,022,195
Regulatory licenses, permits, and privilege fees	1,108,694	-	-	-	1,108,694
Intergovernmental	36,644,986	8,390,265	80,355	9,954,556	55,070,162
Fines and forfeitures	570,242	-	-	-	570,242
Revenue from use of money and property	916,257	13,682	88,417	32,999	1,051,355
Charges for services	10,356,244	-	-	4,128,058	14,484,302
Miscellaneous	1,234,853	1,419,872	-	378,720	3,033,445
Total revenues	<u>180,853,471</u>	<u>9,823,819</u>	<u>168,772</u>	<u>14,494,333</u>	<u>205,340,395</u>
Expenditures					
Current operating expenditures:					
General government	16,490,338	-	-	4,346	16,494,684
Judicial	4,788,676	-	-	985,139	5,773,815
Public safety	44,391,282	-	-	4,034,988	48,426,270
Public works	16,009,423	4,029,559	-	51,890	20,090,872
Health and human services	21,018,515	-	-	7,557,590	28,576,105
Cultural and recreational	8,394,652	533,951	-	-	8,928,603
Community development	4,590,547	1,336,979	-	1,696,315	7,623,841
Education	42,691,567	-	69,397	-	42,760,964
Capital outlay:					
Capital general government	-	28,054,672	27,815,877	10,552	55,881,101
Debt service:					
Principal retirements	9,837,962	-	-	296,865	10,134,827
Interest payments and other fiscal charges	7,281,382	-	-	25,046	7,306,428
Issuance costs	171,746	96,521	-	-	268,267
Total expenditures	<u>175,666,090</u>	<u>34,051,682</u>	<u>27,885,274</u>	<u>14,662,731</u>	<u>252,265,777</u>
Excess (deficiency) of revenues over expenditures	<u>5,187,381</u>	<u>(24,227,863)</u>	<u>(27,716,502)</u>	<u>(168,398)</u>	<u>(46,925,382)</u>
Other financing sources (uses)					
Issuance of bonds	83,298	15,596,702	-	-	15,680,000
Premium on debt issuance	-	1,505,630	-	-	1,505,630
Issuance of refunding bonds	7,243,402	-	-	-	7,243,402
Premium on refunding debt issuance	909,464	-	-	-	909,464
Payments to escrow agent	(8,065,760)	-	-	-	(8,065,760)
Transfers in	366,572	10,106,215	4,645,000	324,895	15,442,682
Transfers out	(15,773,891)	(416,572)	-	(15,000)	(16,205,463)
Total other financing sources (uses)	<u>(15,236,915)</u>	<u>26,791,975</u>	<u>4,645,000</u>	<u>309,895</u>	<u>16,509,955</u>
Net changes in fund balances	<u>(10,049,534)</u>	<u>2,564,112</u>	<u>(23,071,502)</u>	<u>141,497</u>	<u>(30,415,427)</u>
Fund balances - beginning	<u>53,011,050</u>	<u>40,305,921</u>	<u>35,813,975</u>	<u>2,366,078</u>	<u>131,497,024</u>
Fund balances - ending	<u>\$ 42,961,516</u>	<u>\$ 42,870,033</u>	<u>\$ 12,742,473</u>	<u>\$ 2,507,575</u>	<u>\$ 101,081,597</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2016**

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

Net change in fund balances - total governmental funds \$ (30,415,427)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the detail of the two components.

Capital outlay	56,618,269
Depreciation expense	(16,612,768)

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. 1,325,225

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 440,936

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	9,622,880	
Pension expenses	<u>(6,433,588)</u>	
		3,189,292

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. (7,007,060)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,904,651)

To eliminate transfers to the internal service fund 762,781

The net loss of certain activities of the internal service fund is reported with governmental activities. 255,520

Change in net position of governmental activities. \$ 6,652,117

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 128,753,331	\$ 128,753,331	\$ 130,022,195	\$ 1,268,864
Regulatory licenses, permits, and privilege fees	927,133	927,133	1,108,694	181,561
Intergovernmental	33,908,791	36,520,012	36,644,986	124,974
Fines and forfeitures	552,500	552,500	570,242	17,742
Revenue from use of money and property	509,734	613,282	904,271	290,989
Charges for services	10,734,983	10,734,983	10,356,244	(378,739)
Miscellaneous	584,059	584,059	1,211,674	627,615
Total revenues	<u>175,970,531</u>	<u>178,685,300</u>	<u>180,818,306</u>	<u>2,133,006</u>
Expenditures				
Current operating expenditures:				
General government	20,744,861	17,779,370	15,616,786	2,162,584
Judicial	4,826,762	4,996,965	4,788,676	208,289
Public safety	44,042,465	45,570,441	44,391,282	1,179,159
Public works	14,894,090	16,477,578	16,009,423	468,155
Health and human services	19,206,596	22,343,990	21,018,515	1,325,475
Cultural and recreational	8,358,281	8,756,198	8,394,652	361,546
Community development	4,603,168	4,728,667	4,590,547	138,120
Education	41,135,072	44,051,521	42,691,567	1,359,954
Debt service:				
Principal retirements	11,416,626	11,565,280	9,837,962	1,727,318
Interest payments and other fiscal charges	7,522,135	7,373,481	7,281,382	92,099
Issuance costs	-	245,257	171,746	73,511
Total expenditures	<u>176,750,056</u>	<u>183,888,748</u>	<u>174,792,538</u>	<u>9,096,210</u>
Excess (deficiency) of revenues over expenditures	<u>(779,525)</u>	<u>(5,203,448)</u>	<u>6,025,768</u>	<u>11,229,216</u>
Other financing sources (uses)				
Issuance of bonds	-	83,298	83,298	-
Issuance of refunding bonds	-	7,243,402	7,243,402	-
Premium on refunding debt issuance	-	909,464	909,464	-
Payments to escrow agent	-	(8,065,760)	(8,065,760)	-
Transfers in	-	366,572	366,572	-
Transfers out	(9,131,725)	(17,429,057)	(16,450,011)	979,046
Total other financing sources (uses)	<u>(9,131,725)</u>	<u>(16,892,081)</u>	<u>(15,913,035)</u>	<u>979,046</u>
Net changes in fund balances	<u>(9,911,250)</u>	<u>(22,095,529)</u>	<u>(9,887,267)</u>	<u>12,208,262</u>
Fund balances - beginning	<u>50,019,798</u>	<u>50,019,798</u>	<u>50,019,798</u>	<u>-</u>
Fund balances - ending	<u>\$ 40,108,548</u>	<u>\$ 27,924,269</u>	<u>\$ 40,132,531</u>	<u>\$ 12,208,262</u>

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

Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Funds					
	Water	Sewer	Stormwater	Airport	Total	Internal Service
Assets						
Current assets:						
Cash and cash equivalents	\$ 7,649,322	\$ 8,030,008	\$ 2,531,388	\$ 3,645,615	\$ 21,856,333	\$ 1,964,459
Investments	4,884,354	2,761,729	-	-	7,646,083	748,035
Receivables, net of allowance:	1,751,397	2,989,353	468,361	102,601	5,311,712	45,431
Due from other funds	43,593	31,851	4,528	8,991	88,963	5,411
Due from other governments	7,679	93,447	-	930,837	1,031,963	-
Inventory	462,684	-	-	-	462,684	28,731
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	475,380	-	-	475,380	-
Total current assets	14,799,029	14,381,768	3,004,277	4,688,044	36,873,118	2,792,067
Noncurrent assets:						
Due from other governments	-	9,309	-	-	9,309	-
Restricted assets:						
Due from members - Regional Sewage Treatment Plant	-	3,754,945	-	-	3,754,945	-
Cash and cash equivalents	7,295,154	9,713,413	-	17,488	17,026,055	-
Capital assets, net of accumulated depreciation:	70,470,539	265,225,190	2,484,986	35,042,236	373,222,951	14,168,690
Total noncurrent assets	77,765,693	278,702,857	2,484,986	35,059,724	394,013,260	14,168,690
Total assets	92,564,722	293,084,625	5,489,263	39,747,768	430,886,378	16,960,757
Deferred Outflows of Resources						
Deferred charge on refunding	815,371	1,220,826	-	43,969	2,080,166	184,409
Pension contributions subsequent to measurement date	655,569	413,454	56,502	121,178	1,246,703	81,470
Total deferred outflows of resources	1,470,940	1,634,280	56,502	165,147	3,326,869	265,879
Liabilities						
Current liabilities:						
Accounts payable and other liabilities	576,143	1,143,738	76,693	180,154	1,976,728	138,468
Accrued payroll and related liabilities	231,843	148,123	17,696	42,850	440,512	27,862
Accrued interest payable	486,077	208,314	-	3,624	698,015	14,333
Due to other governments	111	-	-	-	111	-
Current portion of general obligation bonds	2,317,659	2,059,474	-	100,886	4,478,019	318,363
Current portion of public utility revenue bonds	-	6,274,745	-	-	6,274,745	-
Total current liabilities	3,611,833	9,834,394	94,389	327,514	13,868,130	499,026
Noncurrent liabilities:						
Deposits payable from restricted assets	909,671	-	-	14,010	923,681	-
Self insurance claims	212,642	85,287	-	-	297,929	-
Compensated absences	262,187	159,427	15,664	48,160	485,438	32,905
Other post-employment benefits obligation	372,060	238,131	14,345	133,790	758,326	60,399
Pension plan obligation	6,169,088	3,890,715	531,698	1,140,316	11,731,817	766,656
General obligation bonds	47,743,281	28,407,085	-	488,570	76,638,936	3,833,167
Public utility revenue bonds	-	98,723,304	-	-	98,723,304	-
Total noncurrent liabilities	55,668,929	131,503,949	561,707	1,824,846	189,559,431	4,693,127
Total liabilities	59,280,762	141,338,343	656,096	2,152,360	203,427,561	5,192,153
Deferred Inflows of Resources						
Net difference between projected and actual investment earnings on pension plan investments	386,308	243,637	33,295	71,407	734,647	48,008
Difference between expected and actual experience	59,781	37,702	5,152	11,050	113,685	7,429
Total deferred outflows of resources	446,089	281,339	38,447	82,457	848,332	55,437
Net Position						
Net investment in capital assets	27,610,452	144,934,435	2,484,986	34,496,749	209,526,622	10,201,568
Restricted for:						
Passenger facility charges	-	-	-	3,478	3,478	-
Unrestricted	6,698,359	8,164,788	2,366,236	3,177,871	20,407,254	1,777,478
Total net position	\$ 34,308,811	\$ 153,099,223	\$ 4,851,222	\$ 37,678,098	229,937,354	\$ 11,979,046
Reconciliation with business-type activities in the Statement of Net Position:						
Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments					(4,140,578)	
Total net position of business-type activities					\$ 225,796,776	

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds					
	Water	Sewer	Stormwater	Airport	Total	Internal Service
Operating revenues						
Charges for services and other operating revenues	\$ 14,811,555	\$ 21,264,506	\$ 3,209,504	\$ 2,446,873	\$ 41,732,438	\$ 4,968,390
Intergovernmental	-	-	275,000	134,592	409,592	-
Total operating revenues	<u>14,811,555</u>	<u>21,264,506</u>	<u>3,484,504</u>	<u>2,581,465</u>	<u>42,142,030</u>	<u>4,968,390</u>
Operating expenses						
Personal services and benefits	5,061,596	3,390,178	446,320	1,018,464	9,916,558	487,381
Operation and maintenance	1,788,171	2,906,172	285,560	1,011,546	5,991,449	1,604,309
Supplies and materials	1,229,613	1,489,227	136,741	137,041	2,992,622	76,204
Administration	1,335,499	2,341,346	1,353,809	235,287	5,265,941	4,999
Other charges	87,808	51,118	5,289	20,637	164,852	12,154
Depreciation	2,916,684	7,635,836	67,558	2,141,357	12,761,435	2,647,504
Total operating expenses	<u>12,419,371</u>	<u>17,813,877</u>	<u>2,295,277</u>	<u>4,564,332</u>	<u>37,092,857</u>	<u>4,832,551</u>
Operating income (loss)	<u>2,392,184</u>	<u>3,450,629</u>	<u>1,189,227</u>	<u>(1,982,867)</u>	<u>5,049,173</u>	<u>135,839</u>
Nonoperating revenues (expenses)						
Interest income	41,904	85,086	1,213	8,281	136,484	4,929
Miscellaneous	1,028	11,821	23,452	20,004	56,305	32,454
Gain on disposition of assets	6,128	738	-	-	6,866	169,350
Interest on long-term debt	(1,971,229)	(1,129,426)	-	(27,422)	(3,128,077)	(132,440)
IRS interest subsidy - Build America Bonds	233,860	42,713	-	-	276,573	-
Total nonoperating revenues (expenses)	<u>(1,688,309)</u>	<u>(989,068)</u>	<u>24,665</u>	<u>863</u>	<u>(2,651,849)</u>	<u>74,293</u>
Income (loss) before contributions and transfers	<u>703,875</u>	<u>2,461,561</u>	<u>1,213,892</u>	<u>(1,982,004)</u>	<u>2,397,324</u>	<u>210,132</u>
Capital contributions	362,917	4,471,358	-	2,264,831	7,099,106	-
Passenger facility charges	-	-	-	317,503	317,503	-
Transfers in	-	126,734	-	-	126,734	762,781
Transfers out	-	-	(126,734)	-	(126,734)	-
Change in net position	<u>1,066,792</u>	<u>7,059,653</u>	<u>1,087,158</u>	<u>600,330</u>	<u>9,813,933</u>	<u>972,913</u>
Total net position - beginning	<u>33,242,019</u>	<u>146,039,570</u>	<u>3,764,064</u>	<u>37,077,768</u>	<u>220,123,421</u>	<u>11,006,133</u>
Total net position - ending	<u>\$ 34,308,811</u>	<u>\$ 153,099,223</u>	<u>\$ 4,851,222</u>	<u>\$ 37,678,098</u>	<u>\$ 229,937,354</u>	<u>\$ 11,979,046</u>
Reconciliation with business-type activities in the Statement of Activities:						
Change in net position - enterprise funds reported in this statement					\$ 9,813,933	
Internal service fund activity is eliminated for the Statement of Activities, with residual activity allocated to user departments					(45,388)	
Change in net assets of business-type activities:					<u>\$ 9,768,545</u>	

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Operating activities						
Cash received from operations	\$ 14,626,362	\$ 20,978,643	\$ 3,455,956	\$ 2,571,611	\$ 41,632,572	\$ 4,968,390
Cash paid to employees	(4,752,192)	(3,223,557)	(425,515)	(1,071,285)	(9,472,549)	(673,100)
Cash paid to suppliers	(4,399,211)	(6,845,810)	(1,801,047)	(1,440,485)	(14,486,553)	(1,698,451)
Net cash provided by operating activities	5,474,959	10,909,276	1,229,394	59,841	17,673,470	2,596,839
Noncapital financing activities						
Transfers in	-	126,734	-	-	126,734	762,781
Transfers out	-	-	(126,734)	-	(126,734)	-
Net cash provided by (used in) noncapital financing activities	-	126,734	(126,734)	-	-	762,781
Capital and related financing activities						
Proceeds from issuance of long-term debt:						
General obligation bonds	5,664,827	6,686,178	-	-	12,351,005	-
Proceeds from bond refunding	8,538,918	4,959,593	-	-	13,498,511	624,545
Escrow payments to refunding trust	(8,450,838)	(5,522,666)	-	-	(13,973,504)	(621,112)
Payment of long-term debt:						
General obligation bonds	(2,219,134)	(1,990,110)	-	(109,652)	(4,318,896)	(318,507)
Revenue bonds	-	(6,238,057)	-	-	(6,238,057)	-
Bond anticipation notes	-	-	-	-	-	-
Drawdowns of public utility revenue bonds - revolving loan funds	-	557,967	-	-	557,967	-
Payment of interest on long-term debt	(2,219,812)	(1,221,165)	-	(27,830)	(3,468,807)	(159,136)
Capital contributions received	-	4,421,380	-	2,017,402	6,438,782	-
Passenger facility charges collected	-	-	-	317,503	317,503	-
Proceeds from sale of capital assets	6,128	738	-	-	6,866	169,350
Additions to capital assets	(2,867,504)	(8,340,846)	(554,858)	(566,003)	(12,329,211)	(3,132,601)
Proceeds from other governments	19,200	525,856	-	20,004	565,060	28,073
Payments from other organizations	360,622	98,837	23,452	-	482,911	-
Net cash provided by (used in) capital and related financing activities	(1,167,593)	(6,062,295)	(531,406)	1,651,424	(6,109,870)	(3,409,388)
Investing activities						
Net sales (purchase) of investments	64,223	(487,520)	-	-	(423,297)	501,643
Interest income received	275,764	127,799	1,213	8,281	413,057	4,929
Net cash provided by (used in) investing activities	339,987	(359,721)	1,213	8,281	(10,240)	506,572
Net increase in cash and cash equivalents	4,647,353	4,613,994	572,467	1,719,546	11,553,360	456,804
Cash and cash equivalents						
Beginning	10,297,123	13,129,427	1,958,921	1,943,557	27,329,028	1,507,655
Ending	<u>\$ 14,944,476</u>	<u>\$ 17,743,421</u>	<u>\$ 2,531,388</u>	<u>\$ 3,663,103</u>	<u>\$ 38,882,388</u>	<u>\$ 1,964,459</u>
Reconciliation to Statement of Net Position						
Current Assets	\$ 7,649,322	\$ 8,030,008	\$ 2,531,388	\$ 3,645,615	\$ 21,856,333	\$ 1,964,459
Restricted Assets	7,295,154	9,713,413	-	17,488	17,026,055	-
	<u>\$ 14,944,476</u>	<u>\$ 17,743,421</u>	<u>\$ 2,531,388</u>	<u>\$ 3,663,103</u>	<u>\$ 38,882,388</u>	<u>\$ 1,964,459</u>

(Continued)

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds					Internal Service
	Water	Sewer	Stormwater	Airport	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 2,392,184	\$ 3,450,629	\$ 1,189,227	\$ (1,982,867)	\$ 5,049,173	\$ 135,839
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	2,916,684	7,635,836	67,558	2,141,357	12,761,435	2,647,504
Pension expense net of employer contributions	109,912	(24,462)	1,271	(64,094)	22,627	(200,220)
Changes in assets and liabilities:						
Increase in accounts receivable	(290,515)	(285,863)	(28,548)	(9,854)	(614,780)	-
Increase (decrease) in due from other funds	(27,219)	(23,664)	(4,528)	(8,991)	(64,402)	(1,318)
Decrease (increase) in inventory	(30,564)	-	-	-	(30,564)	30,365
Increase (decrease) in accounts payable	72,444	(57,947)	(19,648)	(49,984)	(55,135)	(31,150)
Increase in accrued expenses	226,711	214,747	24,062	20,264	485,784	15,819
Increase in deposits payable	105,322	-	-	14,010	119,332	-
Net cash provided by operating activities	\$ 5,474,959	\$ 10,909,276	\$ 1,229,394	\$ 59,841	\$ 17,673,470	\$ 2,596,839
Supplemental cash flow information						
Non-cash transactions						
Capitalized interest	\$ 89,734	\$ 39,329	\$ -	\$ -	\$ 129,063	\$ -
Capital asset additions financed by retainage payable	\$ 21,999	\$ 332,592	\$ -	\$ 31,584	\$ 386,175	\$ -
Capital asset additions financed by accounts payable	\$ 290,927	\$ 530,841	\$ 59,859	\$ 120,485	\$ 1,002,112	\$ 62,240
Undrawn public utility revenue bond proceeds	\$ -	\$ 9,309	\$ -	\$ -	\$ 9,309	\$ -
Amortization of debt related items	\$ 39,392	\$ (5,293)	\$ -	\$ (697)	\$ 33,402	\$ 14,977

Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2016

	<u>Special Welfare</u>
Assets	
Cash and cash equivalents	<u>\$ 143,857</u>
Total assets	<u><u>\$ 143,857</u></u>
Liabilities	
Accounts payable	\$ 325
Amounts held for others	<u>143,532</u>
Total liabilities	<u><u>\$ 143,857</u></u>

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

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

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

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

Greater Lynchburg Transit Company
Post Office Box 797
Lynchburg, Virginia 24505-0797

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

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Blue Ridge Regional Jail Authority: (Continued)

The City sold its existing jail facilities to the Authority during FY1997. A new central jail facility was constructed in Lynchburg and opened in FY2000. It is owned and operated by the Authority. Each Member Jurisdiction pays a per diem charge for each day that one of its prisoners is at any Regional Jail Facility. In accordance with the Service Agreement, the Authority has divided the per diem charge into an operating component and a debt service component. The per diem charge is based on an agreed upon number of prisoner days, and is subject to an adjustment at the end of each fiscal year. During FY2016, the City paid \$5,714,925 to the Authority.

Horizon Behavioral Health (formerly Central Virginia Community Services Board): The City, in conjunction with the counties of Amherst, Appomattox, Bedford, and Campbell participate in Horizon Behavioral Health, the governing Board of which is composed of two members from each of the participating localities. The City appropriated \$457,323 for an operating contribution in FY2016.

Regional Commission 2000: The City serves as the Local Workforce Development Area grant recipient on behalf of the Regional Commission 2000/Central Virginia Local Workforce Development Area VII. According to the requirements, grant funds are used to provide employment and training activities for adults and dislocated workers and to provide services for eligible youth. During FY2016, the Regional Commission 2000 received \$1,289,315 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"). The Authority commenced operations on July 1, 2008. The Authority operates two landfills. Each member jurisdiction pays a per-ton disposal charge for all waste transferred to the Authority. 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-ton charge is based upon an assumed number of tons and is subject to adjustment at the end of each year. 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 start up costs. During FY2016, the City paid \$865,997 to the Authority.

Region 2000 Radio Communications Board: During 2012, the Central Virginia Regional Radio Communications Board was dissolved and replaced by the Region 2000 Radio Communications Board (the "Board"). Since the current regional radio system was in need of significant upgrade and replacement before July 1, 2014, the Board was formed in order to manage the project operations and maintenance, including the issuance of debt to finance the upgrades and replacements in an efficient and cost effective manner. The Board consists of representatives from Amherst County, Bedford County, the Town of Bedford, the City of Lynchburg, collectively the "Member Jurisdictions", and Virginia's Region 2000 Local Government Council ("Council"). The Member Jurisdictions and the Council entered into a Cooperative Agreement which requires each Member Jurisdiction to contribute their pro rata share for annual capital costs, operational costs, and any annual deficit. The City's pro rata share is 33.1% effective through July 1, 2013. In accordance with the Cooperative Agreement, the City transferred the title to all 1996 assets to the Council. The Council issued debt of \$13,100,000 in May 2012 to finance the upgrade and replacement of the existing radio system. Each Member Jurisdiction contributes toward the debt service payments made by the Council through their pro rata share of capital costs. The City's pro rata share of capital costs is 30.1%. Should the Council fail to make debt service payments, the Member Jurisdictions have a moral non-binding obligation to pay the debt service. During FY2016, the City paid \$692,034 to the Board. The City's scheduled capital cost payment for FY17 is \$723,075.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

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

Lynchburg Redevelopment and Housing Authority: Under the *Code of Virginia* (“Code”), the Commonwealth of Virginia (“Commonwealth”) created in each city and county a redevelopment and housing authority which is a separate political subdivision of the Commonwealth. In April 1956, City Council activated the Lynchburg Redevelopment and Housing Authority (the “LRHA”) which owns and operates federal and state-assisted housing projects for low-income families and administers urban development projects. Commissioners of the LRHA are appointed by City Council; however, City Council is not financially accountable for LRHA. During FY2016, the City appropriated \$226,588 to the LRHA from the Community Development Block Grant Fund.

Economic Development Authority of the City of Lynchburg: Under the *Code*, City Council passed an ordinance on March 14, 1967, which created the Industrial Development Authority of the City of Lynchburg (the “IDA”). The IDA was established to promote industry and develop trade within the City. The IDA is governed by a board of seven directors appointed by City Council; however, City Council is not financially accountable for the IDA. In 2008 City Council changed the name from the Industrial Development Authority (IDA) to the Economic Development Authority (EDA) to more accurately reflect the work of the Authority beyond the focus of industrial development. During FY2016, the City paid \$265,000 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. Eliminations have been made to minimize the double counting of internal activities. 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.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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

Governmental Fund Types:

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 for educational purposes.

The City reports the following non-major governmental funds:

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

Proprietary Fund Types:

The City reports the following major proprietary funds:

Enterprise Funds: Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business enterprises, 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.

The Water Fund operates the water distribution system for the City and supplies water to three surrounding counties. 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. 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. The Airport Fund accounts for the administration of the Lynchburg Regional Airport.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Proprietary Fund Types: (Continued)

Enterprise Funds: (Continued)

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: 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:

Agency Funds: Agency Funds account for assets held by the City as an agent or custodian for others. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The City's agency 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.

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.

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.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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.

Agency funds are unlike all other fund types, reporting only assets and liabilities; therefore, agency funds do not have a measurement focus. The agency fund utilizes the accrual basis of accounting to recognize receivables and payables.

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.

D. Budgets and Budgetary Accounting

All governmental and proprietary funds have legally adopted budgets. The Lynchburg Business Development Centre Fund and the Lynchburg Expressway Appearance Fund do 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.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting (Continued)

- Council studies the proposed budget at work sessions throughout the months of March and April and holds a public hearing to receive citizens' comments.
- The Council makes final budget decisions and adopts the budget through passage of an appropriations resolution during the month of May. By July 1 the City Manager prepares and distributes the adopted budget.
- The City prepares a five-year Capital Improvement Program (CIP) for the City Capital Projects, School Capital Projects, Water, Sewer, Stormwater, and Airport. The CIP specifies capital improvement or construction projects, which are tentatively identified for funding during the next five years, with the first year of the plan serving as the capital budget. Project budgets are utilized in the capital projects funds. Appropriations for the capital projects funds are continued until completion of applicable projects, even when projects extend for more than one fiscal year, or until repealed.
- Budgets for the General, Water, Sewer, Stormwater, Airport, Capital Projects, and all Special Revenue Funds are prepared in accordance with the City Charter on the modified accrual basis of accounting. Encumbrances are treated as committed and/or assigned fund balance and reappropriated in the next fiscal year. Revenues, expenditures, and transfers related to internal service type functions are included for budget purposes. The budget for the Lynchburg City Schools (School Operating Fund) is prepared on the modified accrual basis of accounting.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total budget amounts and/or appropriations of any fund require an amendment to the budget. The Code of Virginia requires that City Council approve any amendment. If the total of the proposed amendment exceeds one percent of the total budgeted revenue, the proposed amendment must be advertised and a public hearing must be held before City Council can act. After the public hearing, City Council can act on the proposed amendment. The Superintendent of the Schools is authorized to transfer budget amounts within departments; however, any revisions that alter total budget amounts of any department must be approved by the School Board.
- 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)	\$ (9,887,267)
Add: Net change in fund balance for Technology Fund	<u>(162,267)</u>
Net change in fund balance (GAAP basis)	<u>\$ (10,049,534)</u>

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

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	\$	2,090,823
General Fund, ambulance receivables	\$	2,984,926
Enterprise Funds	\$	310,813

- **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 are valued at their 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.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **Capital Assets (Continued)**

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 capital assets are recorded at their fair value at the date of receipt.

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. The City follows the policy of capitalizing, during the period of construction, the net interest costs on funds borrowed to finance the construction of enterprise funds' capital assets. During FY2016, the enterprise funds incurred interest costs of \$3,257,140 of which \$129,063 was capitalized.

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

- **Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category: deferred charge on refunding; pension contributions subsequent to measurement date; and change in proportion – teacher cost sharing pool. 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. The pension contributions subsequent to the measurement date will be applied to the net pension liability in the next fiscal year. The change in proportion – teacher cost sharing pool results from participation in the Virginia Retirement System's teacher cost sharing pool, where changes in proportion and differences between employer contributions and the proportionate share of employer contributions are reported as deferred inflow or outflow, as appropriate.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **Deferred Outflows / Inflows of Resources (Continued)**

In addition to liabilities, the statement of net position and certain governmental funds balance sheets report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has four types of items. One item occurs only under a modified accrual basis of accounting. The item, *unavailable revenue*, is reported only in the governmental funds balance sheet. 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. The third is the net difference between projected and actual earnings on pension plan investments. This difference will be recognized in pension expense over a closed five year period. The fourth item consists of differences between expected and actual experience for economic or demographic factors in the total pension liability measurement.

- **Compensated Absences**

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

- **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**

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

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

- **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.
- 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 Director of Finance, in accordance with the Council adopted fund balance policy.
- Unassigned fund balance is the positive fund balance within the General fund which has not been classified as Restricted, Committed, or Assigned and negative fund balances in other governmental funds.

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

F. Estimates

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 2. Cash and Investments

Deposits:

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

Investments:

Investment Policy:

In accordance with the *Code* and other applicable law, including regulations, the City’s Investment Policy (Policy) permits investments in Treasury Securities, agency securities, prime quality commercial paper, certificates of deposit maturing within one year and issued by domestic banks, banker’s acceptances, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements, open-end investments, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer’s Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool). 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 fair 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). 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.

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, 26% of the portfolio was invested in “Aaa” rated obligations; 4% was invested in “Aa1” Municipal Obligations; 2% was invested in “Aa2” Municipal Obligations and 68% was invested in an “AAAm” rated LGIP fund. The “Aaa” rated portion of the total portfolio included 3% of obligations guaranteed by the U. S. Government; 19% of Federal Agencies; and 5% of Municipal Obligations (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 26% 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.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 2. Cash and Investments (Continued)

Investments: (Continued)

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>
Municipal Bonds	10%
Federal Home Loan Bank	7%
Federal National Mortgage Association	6%

Interest Rate Risk:

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity*</u>
Money Market Funds – LGIP	\$ 62,959,929	-
U.S. Treasury Bills	748,035	245
U.S. Treasury Notes	2,103,128	155
Federal Home Loan Mortgage Corporation	3,717,184	190
Federal National Mortgage Association	5,635,090	197
Federal Farm Credit Bank	1,501,870	295
Federal Home Loan Bank	6,306,547	222
Municipal Bonds	9,425,107	440
Total investments	<u>\$ 92,396,890</u>	
Portfolio weighted average maturity		90

* Weighted average maturity in days.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 2. Cash and Investments (Continued)

Investments: (Continued)

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, and Enterprise Funds include certain deposits, grant advances, 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	\$ 17,200	\$ 700
Deposits	73,109,538	1,354,669
Funds held in trust by others	-	667,531
Investments	86,509,614	5,887,276
	<u>\$ 159,636,352</u>	<u>\$ 7,910,176</u>
Statement of net position:		
Cash and cash equivalents	\$ 74,810,558	\$ 7,242,645
Investments	29,436,961	-
Restricted cash and cash equivalents	55,244,976	-
Fiduciary fund cash and cash equivalents	143,857	667,531
	<u>\$ 159,636,352</u>	<u>\$ 7,910,176</u>

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, 2016:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ 2,851,163	\$ -	\$ -	\$ 2,851,163
U.S. Debt Securities	17,160,691	-	-	17,160,691
	<u>\$ 20,011,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,011,854</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 3. Property Taxes

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

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

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

Note 4. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2016 were as follows:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$ 1,878,267	\$ 681,872
Non-major Special Revenue Funds:		
City Federal/State Aid	263,378	263,990
Children's Services Act	324,120	1,264,447
Lynchburg Regional Juvenile Detention Center	-	349,830
Major Proprietary Funds:		
Sewer	31,851	-
Water	43,593	-
Stormwater	4,528	-
Airport	8,991	-
Internal Service	5,411	-
	<u>\$ 2,560,139</u>	<u>\$ 2,560,139</u>

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

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

Interfund transfers were as follows:

	To	From
Major Fund:		
General	\$ 366,572	\$ 15,773,891
Non-major Special Revenue Funds:		
City Federal/State Aid	324,895	-
Forfeited Assets	-	15,000
Major Fund – Capital Projects		
City Capital Projects	10,106,215	416,572
School Capital Projects	4,645,000	-
Major Proprietary Funds:		
Sewer	126,734	-
Stormwater	-	126,734
Internal Service	762,781	-
	<u>\$ 16,332,197</u>	<u>\$ 16,332,197</u>

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

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

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

	Due From Component Units	Due To Primary Government
Primary Government:		
Major Fund:		
General Fund	\$ 1,786,387	\$ -
Non-major Special Revenue Fund:		
Lynchburg Business Development Centre Fund	125,000	-
	<u>\$ 1,911,387</u>	<u>\$ -</u>
Component Units:		
Lynchburg City Schools	\$ -	\$ 1,779,622
Business Development Centre, Inc.	-	125,000
Greater Lynchburg Transit Company	-	6,765
	<u>\$ -</u>	<u>\$ 1,911,387</u>

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 6. Due From Other Governments

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

	Primary Government		Component Units	
	Governmental Activities	Business-type Activities	Schools	Others
Various federal and state grants	\$ 7,825,438	\$ 1,031,963	\$ 4,597,642	\$ 1,540,940
Virginia Revolving Loan	-	9,309	-	-
Members of Regional Sewage Treatment Plant	-	4,230,325	-	-
	<u>\$ 7,825,438</u>	<u>\$ 5,271,597</u>	<u>\$ 4,597,642</u>	<u>\$ 1,540,940</u>

Due from members of the Regional Sewage Treatment Plant:

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

Amount receivable within 1 year	\$ 475,380
Amount receivable 2 to 5 years	1,500,181
Amount receivable beyond 5 years	<u>2,254,764</u>
	<u>\$ 4,230,325</u>

Note 7. Receivables

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

	Taxes	Accounts	Other	Total
Major funds:				
General	\$ 13,912,277	\$ 4,947,740	\$ 1,075,891	\$ 19,935,908
City Capital Projects	-	-	300,000	300,000
Water	-	1,751,397	-	1,751,397
Sewer	-	2,989,353	-	2,989,353
Stormwater	-	468,361	-	468,361
Airport	-	102,601	-	102,601
Internal Service	-	-	45,431	45,431
Non-major Governmental Funds	-	-	151,574	151,574
	<u>\$ 13,912,277</u>	<u>\$ 10,259,452</u>	<u>\$ 1,572,896</u>	<u>\$ 25,744,625</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 8. Capital Assets

Primary Government:

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

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Transfers and Additions</u>	<u>Transfers and Retirements</u>	<u>Ending Balances</u>
<u>Capital assets, not being depreciated:</u>				
Land	\$ 17,457,692	\$ 2,724,931	\$ (117,668)	\$ 20,064,955
Construction in progress	62,748,608	55,999,770	(89,180,056)	29,568,322
Total capital assets, not being depreciated	80,206,300	58,724,701	(89,297,724)	49,633,277
<u>Capital assets, being depreciated:</u>				
Land improvements	39,621,521	8,632,112	(110,292)	48,143,341
Accumulated depreciation	(11,497,103)	(1,697,926)	109,450	(13,085,579)
Net land improvements	28,124,418	6,934,186	(842)	35,057,762
Buildings and improvements	239,300,892	56,700,789	(16,144,547)	279,857,134
Accumulated depreciation	(130,796,063)	(7,150,085)	12,155,091	(125,791,057)
Net buildings and improvements	108,504,829	49,550,704	(3,989,456)	154,066,077
Infrastructure	235,674,196	26,185,960	-	261,860,156
Accumulated depreciation	(137,072,913)	(6,590,280)	-	(143,663,193)
Net infrastructure	98,601,283	19,595,680	-	118,196,963
Machinery and equipment	47,972,465	3,791,767	(2,502,963)	49,261,269
Accumulated depreciation	(30,884,692)	(3,821,981)	2,394,402	(32,312,271)
Net machinery and equipment	17,087,773	(30,214)	(108,561)	16,948,998
Total capital assets being depreciated	562,569,074	95,310,628	(18,757,802)	639,121,900
Less: accumulated depreciation	(310,250,771)	(19,260,272)	14,658,943	(314,852,100)
Total capital assets, being depreciated	252,318,303	76,050,356	(4,098,859)	324,269,800
Capital assets, net	\$ 332,524,603	\$ 134,775,057	\$ (93,396,583)	\$ 373,903,077

There are no assets included above financed by capital leases as of June 30, 2016.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 8. Capital Assets (Continued)

Primary Government: (Continued)

Depreciation was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 570,686
Education	5,275,881
Judicial	691,697
Health and human services	329,565
Public safety	1,917,129
Public works	8,676,688
Community development	188,549
Cultural and recreational	1,171,607
Total governmental activities	18,821,802
Business-type activities:	
Water	162,014
Sewer	257,988
Airport	18,468
Total business-type activities	438,470
Total depreciation	\$ 19,260,272

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 \$438,470 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.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 8. Capital Assets (Continued)

Primary Government: (Continued)

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

Business-type Activities	Beginning Balances	Transfers and Additions	Transfers and Retirements	Ending Balances
<u>Capital assets, not being depreciated:</u>				
Land	\$ 5,061,471	\$ -	\$ -	\$ 5,061,471
Construction in progress	13,927,276	11,718,088	(18,264,046)	7,381,318
Total capital assets, not being depreciated	18,988,747	11,718,088	(18,264,046)	12,442,789
<u>Capital assets, being depreciated:</u>				
Land improvements	12,630,369	171,409	-	12,801,778
Accumulated depreciation	(11,915,083)	(85,819)	-	(12,000,902)
Net land improvements	715,286	85,590	-	800,876
Buildings and improvements	57,076,906	749,051	-	57,825,957
Accumulated depreciation	(27,356,874)	(1,862,839)	-	(29,219,713)
Net buildings and improvements	29,720,032	(1,113,788)	-	28,606,244
Infrastructure	435,125,954	16,916,603	(25,572)	452,016,985
Accumulated depreciation	(128,040,483)	(9,681,017)	25,572	(137,695,928)
Net infrastructure	307,085,471	7,235,586	-	314,321,057
Machinery and equipment	21,991,842	814,551	(430,325)	22,376,068
Accumulated depreciation	(9,594,144)	(994,270)	430,325	(10,158,089)
Net machinery and equipment	12,397,698	(179,719)	-	12,217,979
Capitalized interest	6,874,519	129,063	-	7,003,582
Accumulated depreciation	(2,032,086)	(137,490)	-	(2,169,576)
Net capitalized interest	4,842,433	(8,427)	-	4,834,006
Total capital assets being depreciated	533,699,590	18,780,677	(455,897)	552,024,370
Less: accumulated depreciation	(178,938,670)	(12,761,435)	455,897	(191,244,208)
Total capital assets, being depreciated	354,760,920	6,019,242	-	360,780,162
Capital assets, net	\$ 373,749,667	\$ 17,737,330	\$ (18,264,046)	\$ 373,222,951

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 8. Capital Assets (Continued)

Component Units:

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

<u>Lynchburg City Schools</u>	<u>Beginning Balances</u>	<u>Transfers and Additions</u>	<u>Transfers and Retirements</u>	<u>Ending Balances</u>
<u>Capital assets, being depreciated:</u>				
Equipment	\$ 12,761,748	\$ 1,415,211	\$ (609,951)	\$ 13,567,008
Accumulated depreciation	(6,623,593)	(1,226,971)	565,540	(7,285,024)
Net equipment	<u>6,138,155</u>	<u>188,240</u>	<u>(44,411)</u>	<u>6,281,984</u>
Equipment – cafeteria	1,188,691	-	-	1,188,691
Accumulated depreciation	(770,116)	(68,011)	-	(838,127)
Net equipment – cafeteria	<u>418,575</u>	<u>(68,011)</u>	<u>-</u>	<u>350,564</u>
Total capital assets being depreciated	13,950,439	1,415,211	(609,951)	14,755,699
Less: accumulated depreciation	<u>(7,393,709)</u>	<u>(1,294,982)</u>	<u>565,540</u>	<u>(8,123,151)</u>
Capital assets, net	<u>\$ 6,556,730</u>	<u>\$ 120,229</u>	<u>\$ (44,411)</u>	<u>\$ 6,632,548</u>

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

Land, buildings, and improvements	\$ 13,370,636
Construction in progress	13,935,580
Machinery and equipment	<u>24,223,276</u>
	51,529,492
Less accumulated depreciation	<u>17,639,502</u>
	<u>\$ 33,889,990</u>

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 9. Long-Term Liabilities

Primary Government:

General Obligation Debt:

As of June 30, 2016	Interest Rates (%)	Date Issued	Final Maturity	Original Issue	Public Improvements	School Facilities	Proprietary Funds	Total
Serial Bonds								
VA Resources Authority	0.00	3/24/1994	2027	\$ 3,976,369	\$ -	\$ -	\$ 1,297,324	\$ 1,297,324
VPSA General Obligation	3.10-5.10	11/15/2001	2022	3,473,329	-	1,147,369	-	1,147,369
VPSA General Obligation	2.35-4.85	11/7/2002	2023	6,513,732	-	2,469,997	-	2,469,997
VPSA General Obligation	4.60-5.10	11/10/2005	2026	6,411,957	-	3,447,176	-	3,447,176
Public Improvement	4.00-5.00	8/2/2007	2038	33,300,000	1,624,812	-	935,188	2,560,000
Public Improvement Series A Tax Exempt	1.00-5.00	8/13/2009	2022	17,230,000	2,490,000	3,540,000	3,005,000	9,035,000
Public Improvement Series B Taxable Build America Bonds (BABs)	5.05-6.61	8/13/2009	2040	27,420,000	4,399,395	9,450,605	13,570,000	27,420,000
Public Improvement Series C Refunding	2.00-4.00	8/13/2009	2023	12,800,000	1,661,456	901,408	2,877,136	5,440,000
VPSA General Obligation	0.00	11/13/2009	2027	10,255,000	-	8,390,000	-	8,390,000
Public Improvement Refunding	2.00-5.00	10/20/2010	2034	29,655,000	8,488,950	6,454,050	10,557,000	25,500,000
Public Improvement Refunding	3.80	12/19/2012	2023	4,129,625	2,865,819	-	-	2,865,819
Public Improvement	2.75	10/23/2013	2028	10,000,000	6,120,796	812,004	1,733,200	8,666,000
Public Improvement	2.00-5.00	7/10/2014	2044	101,730,000	19,620,000	62,465,000	17,285,000	99,370,000
Public Improvement Refunding	5.00	7/10/2014	2026	13,460,000	8,590,172	3,387,882	1,481,946	13,460,000
Public Improvement Refunding (Bond R-1)	1.60	3/12/2015	2020	9,657,000	2,687,273	1,629,696	2,049,031	6,366,000
Public Improvement Refunding (Bond R-2)	2.34	3/12/2015	2030	3,768,000	1,493,373	899,328	1,120,299	3,513,000
Public Improvement	2.00-5.00	5/19/2016	2046	26,945,000	15,680,000	-	11,265,000	26,945,000
Public Improvement Refunding	2.00-5.00	5/19/2016	2038	20,350,000	7,243,402	-	13,106,598	20,350,000
				<u>\$ 82,965,448</u>	<u>\$ 104,994,515</u>	<u>\$ 80,282,722</u>	<u>\$ 268,242,685</u>	

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

Authorized and unissued general obligation public improvement bonds amounted to \$71,650,000 at June 30, 2016.

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 City's issuance of any bonds or other interest-bearing obligations. As of June 30, the City's aggregate general obligation indebtedness was \$268,242,685 and less than the state limit. In December 2006, City Council amended the Debt Management Policy, which limited 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). City Council reaffirmed the Debt Policy on November 23, 2010 with one revision to debt service payments for revenue supported debt from twenty to thirty years. City Council revised the Debt Policy on February 26, 2013 in the section entitled Tax-Supported Debt, Item 6. Previously, the Policy stated that the 10-Year Principal Payout Ratio shall not be less than 60%. With this revision, the Policy now 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. City Council revised the Debt Policy on March 22, 2016 with revisions to revenue supported debt in order to comply with the new Consent Order regarding the Combined Sewer Overflow (CSO) program. The principal payout ratio for the year ended June 30 was 63.28%. As shown in the Supplementary Statistical Table 20, outstanding tax-supported debt was 3.39% of net assessed valuation of taxable property. There are no overlapping tax jurisdictions.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Revenue Debt:

As of June 30, 2016	Interest Rates %	Date Issued	Final Maturity	Original Issue	Sewer Fund
Virginia Resources Authority					
Public Utility Revenue Bonds	0.00	3/28/1995	2027	\$ 6,571,207	\$ 1,829,894
Public Utility Revenue Bonds	0.00	8/10/1995	2029	10,000,000	3,376,984
Public Utility Revenue Bonds	0.00	6/27/1996	2029	8,000,000	2,614,117
Public Utility Revenue Bonds	0.00	7/17/1997	2030	7,591,540	3,017,151
Public Utility Revenue Bonds	3.00	7/17/1997	2020	14,108,460	3,231,747
Public Utility Revenue Bonds	0.00	8/21/1998	2031	6,203,000	2,710,916
Public Utility Revenue Bonds	3.00	5/27/1999	2020	2,476,763	566,251
Public Utility Revenue Bonds	0.00	2/11/2000	2021	5,300,000	1,394,737
Public Utility Revenue Bonds	0.00	2/15/2001	2032	735,000	352,303
Public Utility Revenue Bonds	3.50	6/8/2001	2021	2,835,000	948,213
Public Utility Revenue Bonds	0.00	11/6/2001	2034	1,413,613	770,898
Public Utility Revenue Bonds	0.00	9/15/2003	2036	2,350,165	1,486,829
Public Utility Revenue Bonds	0.00	5/20/2004	2038	6,000,000	4,100,000
Public Utility Revenue Bonds	0.00	5/17/2005	2038	6,700,000	4,690,000
Public Utility Revenue Bonds	0.00	6/28/2006	2039	9,600,000	7,200,000
Public Utility Revenue Bonds	0.00	6/20/2007	2039	7,000,000	5,366,667
Public Utility Revenue Bonds	0.00	6/5/2008	2041	12,350,000	10,085,833
Public Utility Revenue Bonds	0.00	6/25/2009	2041	19,000,000	15,833,333
Public Utility Revenue Bonds	0.00	6/17/2010	2042	13,100,000	11,353,333
Public Utility Revenue Bonds	0.00	6/15/2011	2033	9,350,928	7,940,510
Public Utility Revenue Bonds	0.00	6/15/2011	2045	10,100,000	9,595,000
Public Utility Revenue Bonds	0.00	6/6/2012	2044	7,000,000	6,533,333
					<u>\$ 104,998,049</u>

The revenue bonds have been issued in accordance with the terms of an indenture agreement with the Virginia Resources Authority (VRA) of the Commonwealth of Virginia and are to be used for Sewer capital projects. The indenture agreement requires the City to pledge its Sewer Fund Revenues as collateral for the revenue bonds and to maintain debt coverage in the Sewer Fund within an annual range of 1.1 to 1.5, computed under a rolling three year average, of all debt service payments which exclude any refunded principal payments. As shown in the Supplementary Statistical Table 22, the debt coverage ratio for the year ended June 30 was 1.27.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

The following is a summary of changes in long-term liabilities for FY2016:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
General obligation bonds	\$ 186,515,055	\$ 23,481,188	\$ 18,148,335	\$ 191,847,908	\$ 11,110,628
Notes payable*	1,580,000	-	180,000	1,400,000	180,000
Adjust for deferred amounts:					
Issuance discounts	(639,706)	-	(53,309)	(586,397)	-
Issuance premiums	11,727,074	2,481,853	744,986	13,463,941	-
Total bonds and notes	199,182,423	25,963,041	19,020,012	206,125,452	11,290,628
Workers' compensation**	2,458,871	742,921	720,856	2,480,936	297,712
Compensated absences**	4,146,159	2,998,169	2,906,883	4,237,445	508,492
Other post-employment benefits**	5,077,218	4,274,593	2,348,812	7,002,999	-
	<u>\$ 210,864,671</u>	<u>\$ 33,978,724</u>	<u>\$ 24,996,563</u>	<u>\$ 219,846,832</u>	<u>\$ 12,096,832</u>

Business-Type Activities	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
General obligation bonds	\$ 70,414,861	\$ 23,813,812	\$ 17,833,896	\$ 76,394,777	\$ 4,478,019
Public utility revenue bonds	111,236,106	-	6,238,057	104,998,049	6,274,745
Adjust for deferred amounts:					
Issuance premiums	2,870,925	2,035,704	184,451	4,722,178	-
Total bonds and notes	184,521,892	25,849,516	24,256,404	186,115,004	10,752,764
Workers' compensation	141,214	288,923	91,581	338,556	40,627
Compensated absences	533,369	424,933	406,669	551,633	66,195
Other post-employment benefits	500,683	571,884	314,241	758,326	-
	<u>\$ 185,697,158</u>	<u>\$ 27,135,256</u>	<u>\$ 25,068,895</u>	<u>\$ 187,763,519</u>	<u>\$ 10,859,586</u>

*A note receivable was obtained concurrent with the issuance of this note payable. Neither instrument constituted a source or a use of current financial resources; therefore, they are not reflected in the fund statements. The note receivable is included in prepaids and other assets on Exhibit 1.

**For governmental activities, a portion of the workers' compensation, compensated absences, and other post-employment benefits 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.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

Debt Service to Maturity:

Year Ending June 30	Governmental Activities			
	General Obligation		Note Payable	
	Principal	Interest	Principal	Interest
2017	\$ 11,110,628	\$ 7,434,306	\$ 180,000	\$ 23,833
2018	10,817,623	7,365,732	180,000	22,249
2019	11,052,143	7,003,928	180,000	20,215
2020	11,306,367	6,578,678	180,000	17,326
2021	11,578,786	6,132,983	180,000	13,852
2022-2026	54,516,953	23,359,674	500,000	13,875
2027-2031	33,612,719	13,529,767	-	-
2032-2036	24,287,689	7,764,051	-	-
2037-2041	15,615,000	3,492,348	-	-
2042-2043	7,950,000	636,000	-	-
	<u>\$ 191,847,908</u>	<u>\$ 83,297,467</u>	<u>\$ 1,400,000</u>	<u>\$ 111,350</u>

Year Ending June 30	Business-Type Activities							
	General Obligation						Revenue Bonds	
	Water Fund		Airport Fund		Sewer Fund		Sewer Fund	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,317,659	\$ 1,944,751	\$ 100,886	\$ 24,963	\$ 2,059,474	\$ 940,603	\$ 6,274,745	\$ 137,815
2018	2,158,554	1,998,596	94,937	22,207	1,863,830	973,043	6,312,571	99,989
2019	1,939,221	1,921,875	65,569	17,438	1,607,228	917,980	6,351,572	60,988
2020	1,812,819	1,843,874	33,221	13,564	1,384,935	867,240	5,816,175	20,775
2021	1,753,442	1,767,444	35,104	11,903	1,284,269	820,635	5,255,995	5,345
2022-2026	8,852,488	7,570,421	202,961	31,433	6,079,588	3,334,217	23,870,109	-
2027-2031	9,053,849	5,499,819	-	-	4,997,432	2,227,594	20,473,970	-
2032-2036	9,120,824	3,463,777	-	-	4,256,487	1,358,052	16,452,079	-
2037-2041	7,619,989	1,317,824	-	-	3,175,011	619,139	11,875,833	-
2042-2046	2,605,000	223,800	-	-	1,920,000	169,800	2,315,000	-
	<u>\$ 47,233,845</u>	<u>\$ 27,552,181</u>	<u>\$ 532,678</u>	<u>\$ 121,508</u>	<u>\$ 28,628,254</u>	<u>\$ 12,228,303</u>	<u>\$ 104,998,049</u>	<u>\$ 324,912</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 9. Long-Term Liabilities (Continued)

Primary Government: (Continued)

May 19, 2016 General Obligation Public Improvement and Refunding Bonds, Series 2016 - New Proceeds, Series 2016 and Advanced Refunding of General Obligation Bond Issue, Series 2007

The City issued \$47,295,000 of General Obligation Public Improvement and Refunding Bonds, Series 2016 dated May 19, 2016 from its competitive bond sale on April 27, 2016. General government projects including issuance costs were financed for twenty years. Water and sewer projects including issuance costs were financed for thirty years. The refunding bonds including issuance costs were financed for twenty-two years. The final maturity date is February 1, 2046, with interest rates ranging from 2.0% to 5.0% and a total interest cost of 2.6%. The proceeds were allocated for capital projects as follows: \$15,680,000 for general government projects, \$5,825,000 for sewer projects, and \$5,440,000 for water projects.

\$20,350,000 of bonds with an average interest rate of 3.6% were issued to advance refund \$21,390,000 of principal for the August 2, 2007 General Obligation Public Improvement Bond Issue. There was no call premium for these refunded bonds. The City deposited the net proceeds from the refunding bonds in an irrevocable trust with an escrow agent that purchased U. S. Government securities. The trust will provide funds for future debt service on the refunded bonds for maturities from FY2019 thru FY2038. The City will fund maturities in FY2017 and FY2018. As of the bond closing date of May 19, 2016, these refunded bonds are considered defeased and the liability for them has been removed from the financial statements. The advance refunding reduced the total debt service payments over the next 22 years by \$3,832,100 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,170,215. This advance refunding resulted in the total difference between the reacquisition price and the net carrying value of the old debt of \$1,270,376. This difference will be reported in the financial statements as deferred debt charges, and will be amortized as a component of interest expenses through FY2038 over the life of the refunded bonds, which is the same fiscal year as the life of the refunding bonds. The outstanding principal of the Series 2007 in-substance defeased will be \$21,390,000 until the redemption date of August 1, 2017.

Component Unit – Lynchburg City Schools:

The following is a summary of changes in other long-term liabilities for FY2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Compensated absences	\$ 711,082	\$ 889,179	\$ 775,846	\$ 824,415	\$ 689,075
Other post-employment benefits	3,475,568	908,553	184,338	4,199,783	-
	<u>\$ 4,186,650</u>	<u>\$ 1,797,732</u>	<u>\$ 960,184</u>	<u>\$ 5,024,198</u>	<u>\$ 689,075</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 10. Fund Equity Balances

Fund Balance Policy:

- The City of Lynchburg's Unassigned General Fund Balance (UGFB) will be maintained at a level to provide the City with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.
- The City shall not use the UGFB to finance recurring operating expenditures.
- The City will maintain an UGFB equal to 10% of General Fund revenues. 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.
- 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.

For FY 2016 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, 2016

	MAJOR FUNDS			NON MAJOR SPECIAL REVENUE FUNDS			
	GENERAL FUND	CITY CAPITAL PROJECTS	SCHOOL CAPITAL PROJECTS	CITY FEDERAL STATE AID	COMMUNITY DEVELOPMENT BLOCK GRANT	LYNCHBURG BUSINESS DEVELOPMENT CENTRE	FORFEITED ASSETS
FUND BALANCES							
Nonspendable							
Advance to Lynchburg United Soccer	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:							
Transportation projects	-	2,597,036	-	-	-	-	-
Criminal Justice Academy	-	-	-	43,843	-	-	-
Community Corrections	-	-	-	98,860	-	-	-
Fire Department	-	-	-	282,150	-	-	-
Police Department	-	-	-	105,716	-	-	-
Economic Development	-	-	-	(26,231)	-	-	-
Grants	-	-	-	338	-	-	-
Social Services	-	-	-	10,920	-	-	-
CDBG - Bluffwalk	-	-	-	-	1,068,464	-	-
State Asset Forfeiture - Commonwealth Attorney	-	-	-	-	-	-	181,235
Federal Asset Forfeiture- Police	-	-	-	-	-	-	42,067
State Asset Forfeiture - Police	-	-	-	-	-	-	275,562
Lynchburg Expressway beautification	-	-	-	-	-	-	-
HOME projects	-	-	-	-	-	-	-
Committed to:							
Technology	2,891,233	-	-	-	-	-	-
Detention Home Workers Compensation	100,000	-	-	-	-	-	-
Health Insurance Reserve	731,009	-	-	-	-	-	-
Schools for Textbooks	810,693	-	-	-	-	-	-
Schools for Health Insurance Reserve	1,140,608	-	-	-	-	-	-
Juvenile Services Cap Needs	150,000	-	-	-	-	-	-
Other Post Employment Benefits	2,141,392	-	-	-	-	-	-
Solid Waste Debt Retirement	340,615	-	-	-	-	-	-
Schools Special Education	321,000	-	-	-	-	-	-
Heritage High School Reserve FF&E	900,000	-	-	-	-	-	-
GLTC Special Reserve	587,562	-	-	-	-	-	-
Self Insurance	1,831,559	-	-	-	-	-	-
Armstrong School	29,086	-	-	-	-	-	-
Cultural and Recreational	2,587	-	-	-	-	-	-
General Government	14,779	-	-	-	-	-	-
Health and Welfare	11,023	-	-	-	-	-	-
Judicial	1,097	-	-	-	-	-	-
Public Safety	8,551	-	-	-	-	-	-
Public Works	126,872	-	-	-	-	-	-
Sale of downtown GEFA building	-	116,388	-	-	-	-	-
Building projects	-	5,577,732	-	-	-	-	-
Transportation projects	-	24,793,135	-	-	-	-	-
Economic Development	-	2,881,544	-	-	-	-	-
Parks and Recreation projects	-	6,052,705	-	-	-	-	-
Waste Management projects	-	154,708	-	-	-	-	-
Other Projects	-	396,785	80,536	-	-	-	-
Provision of loan funds for small businesses	-	-	-	-	-	125,384	-
Heritage High School	-	-	12,661,937	-	-	-	-
Assigned to:							
Return of School Fund Balance	1,779,622	-	-	-	-	-	-
Law Library	36,990	-	-	-	-	-	-
Museum	50,028	-	-	-	-	-	-
Recreation Programs	185,445	-	-	-	-	-	-
Pier Program	119,854	-	-	-	-	-	-
Dental Claims Reserve	150,000	-	-	-	-	-	-
Health Insurance Reserve	664,538	-	-	-	-	-	-
Future Post Closure	473,951	-	-	-	-	-	-
Fire Equipment	30,922	-	-	-	-	-	-
Line of Duty Death Benefit	501,440	-	-	-	-	-	-
Future Landfill Needs	260,998	-	-	-	-	-	-
Parking Operations	59,155	-	-	-	-	-	-
Point of Honor	2,653	-	-	-	-	-	-
Police Range Operations	5,164	-	-	-	-	-	-
Blue Ridge Regional Jail	79,363	-	-	-	-	-	-
Fire Restitution	2,408	-	-	-	-	-	-
Adopt-A-Bed	2,772	-	-	-	-	-	-
Virginia Land Conservancy	2,314	-	-	-	-	-	-
General Government	183,804	-	-	-	-	-	-
Health and Welfare	32,717	-	-	-	-	-	-
Judicial	2,911	-	-	-	-	-	-
Public Safety	62,892	-	-	-	-	-	-
Public Works	328,184	-	-	-	-	-	-
Community Development	13,799	-	-	-	-	-	-
Community Diversion	195,809	-	-	-	-	-	-
Cultural & Recreational	5,019	-	-	-	-	-	-
Major Maintenance and Equipment replacement	-	-	-	-	-	-	-
Unassigned:	25,589,098	-	-	-	-	-	-
Total Fund Balance	<u>\$ 42,961,516</u>	<u>\$ 42,870,033</u>	<u>\$ 12,742,473</u>	<u>\$ 515,596</u>	<u>\$ 1,068,464</u>	<u>\$ 125,384</u>	<u>\$ 498,864</u>

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

NON MAJOR SPECIAL REVENUE FUNDS

	LYNCHBURG EXPRESSWAY APPEARANCE	HOME INVESTMENT TRUST	LYNCHBURG REGIONAL JUVENILE DETENTION CENTER	ALL FUNDS
FUND BALANCES				
Nonspendable				
Advance to Lynchburg United Soccer	\$ -	\$ -	\$ -	\$ 300,000
Restricted for:				
Transportation projects	-	-	-	2,597,036
Criminal Justice Academy	-	-	-	43,843
Community Corrections	-	-	-	98,860
Fire Department	-	-	-	282,150
Police Department	-	-	-	105,716
Economic Development	-	-	-	(26,231)
Grants	-	-	-	338
Social Services	-	-	-	10,920
CDBG - Bluffwalk	-	-	-	1,068,464
State Asset Forfeiture - Commonwealth Attorney	-	-	-	181,235
Federal Asset Forfeiture- Police	-	-	-	42,067
State Asset Forfeiture - Police	-	-	-	275,562
Lynchburg Expressway beautification	173,008	-	-	173,008
HOME projects	-	26,247	-	26,247
Committed to:				
Technology	-	-	-	2,891,233
Detention Home Workers Compensation	-	-	-	100,000
Health Insurance Reserve	-	-	-	731,009
Schools for Textbooks	-	-	-	810,693
Schools for Health Insurance Reserve	-	-	-	1,140,608
Juvenile Services Cap Needs	-	-	-	150,000
Other Post Employment Benefits	-	-	-	2,141,392
Solid Waste Debt Retirement	-	-	-	340,615
Schools Special Education	-	-	-	321,000
Heritage High School Reserve FF&E	-	-	-	-
GLTC Special Reserve	-	-	-	900,000
Self Insurance	-	-	-	587,562
Armstrong School	-	-	-	1,831,559
Cultural and Recreational	-	-	-	29,086
General Government	-	-	-	2,587
Health and Welfare	-	-	-	14,779
Judicial	-	-	-	11,023
Public Safety	-	-	-	1,097
Public Works	-	-	-	8,551
Sale of downtown GEFA building	-	-	-	126,872
Building projects	-	-	-	116,388
Transportation projects	-	-	-	5,577,732
Economic Development	-	-	-	24,793,135
Parks and Recreation projects	-	-	-	2,881,544
Waste Management projects	-	-	-	6,052,705
Other Projects	-	-	-	154,708
Provision of loan funds for small businesses	-	-	-	477,321
Heritage High School	-	-	-	125,384
				12,661,937
Assigned to:				
Return of School Fund Balance	-	-	-	1,779,622
Law Library	-	-	-	36,990
Museum	-	-	-	50,028
Recreation Programs	-	-	-	185,445
Pier Program	-	-	-	119,854
Dental Claims Reserve	-	-	-	150,000
Health Insurance Reserve	-	-	-	664,538
Future Post Closure	-	-	-	473,951
Fire Equipment	-	-	-	30,922
Line of Duty Death Benefit	-	-	-	501,440
Future Landfill Needs	-	-	-	260,998
Parking Operations	-	-	-	59,155
Point of Honor	-	-	-	2,653
Police Range Operations	-	-	-	5,164
Blue Ridge Regional Jail	-	-	-	79,363
Fire Restitution	-	-	-	2,408
Adopt-A-Bed	-	-	-	2,772
Virginia Land Conservancy	-	-	-	2,314
General Government	-	-	-	183,804
Health and Welfare	-	-	-	32,717
Judicial	-	-	-	2,911
Public Safety	-	-	-	62,892
Public Works	-	-	-	328,184
Community Development	-	-	-	13,799
Community Diversion	-	-	-	195,809
Cultural & Recreational	-	-	-	5,019
Major Maintenance and Equipment replacement	-	-	100,012	100,012
Unassigned:	-	-	-	25,589,098
Total Fund Balance	<u>\$ 173,008</u>	<u>\$ 26,247</u>	<u>\$ 100,012</u>	<u>\$ 101,081,597</u>

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan

City of Lynchburg

Plan Description

All full-time, salaried permanent employees of the City, (the “Political Subdivision”) are automatically covered by VRS Retirement Plan upon employment. This plan is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. The *Code of Virginia*, as amended, assigns the authority to establish and amend benefit provisions to the Virginia General Assembly. The System issues a publicly available comprehensive annual financial report for VRS. A copy of that report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan is as follows:

Plan 1 – Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before

July 1, 2010, and they were vested as of January 1, 2013.

- **Hybrid Opt-In Election** – VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.
- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
- **Creditable Service** – Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

City of Lynchburg (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Vesting** – Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
- **Calculating the Benefit** – The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.
- **Average Final Compensation** – A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** – The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.
- **Normal Retirement Age** – Age 65 or age 60 for hazardous duty employees.
- **Earliest Unreduced Retirement Eligibility** – Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service, for hazardous duty employees.
- **Earliest Reduced Retirement Eligibility** – Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. 50 with at least five years of creditable service for hazardous duty employees.
- **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.
- **Disability Coverage** for members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

City of Lynchburg (Continued)

Plan Description (Continued)

Plan 2 - Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

- **Hybrid Opt-In Election** – Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.
- **Retirement Contributions** – Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016.
- **Creditable Service** – Same as Plan 1.
- **Vesting** – Same as Plan 1.
- **Calculating the Benefit** – See definition under Plan 1.
- **Average Final Compensation** – A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier** – Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013. Sheriffs, regional jail superintendents, and hazardous duty employees are same as Plan 1.
- **Normal Retirement Age** – Normal Social Security retirement age. Hazardous duty employees are the same as Plan 1.
- **Earliest Unreduced Retirement Eligibility** – Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Hazardous duty employees are the same as Plan 1.
- **Earliest Reduced Retirement Eligibility** – Age 60 with at least five years (60 months) of creditable service. Hazardous duty employees are the same as Plan 1.
- **Cost-of-Living Adjustment (COLA) in Retirement** – The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.
- **Disability Coverage** – Same as Plan 1 except that the retirement multiplier is 1.65%.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

City of Lynchburg (Continued)

Plan Description (Continued)

Hybrid Retirement Plan – The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

- **Eligible Members** – Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes political subdivision employees; members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
- **Non-Eligible Members** – Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees and those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
- **Retirement Contributions** – A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
- **Creditable Service** –
 - **Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service and is generally subject to the same terms as in Plans 1 and 2.
 - **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
- **Vesting** –
 - **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
 - **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

City of Lynchburg (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Calculating the Benefit –**
 - **Defined Benefit Component:** See definition under Plan 1.
 - **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- **Average Final Compensation –** Same as Plan 2 for the defined benefit component of the plan.
- **Service Retirement Multiplier –** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. This is not applicable to sheriffs, regional jail superintendents, or hazardous duty employees.
- **Normal Retirement Age –**
 - **Defined Benefit Component:** Same as Plan 2, however, not applicable for hazardous duty employees.
 - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Unreduced Retirement Eligibility –**
 - **Defined Benefit Component:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. This is not applicable to hazardous duty employees.
- **Earliest Reduced Retirement Eligibility –**
 - **Defined Benefit Component:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. This is not applicable to hazardous duty employees.
 - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Cost-of-Living Adjustment (COLA) in Retirement**
 - **Defined Benefit Component:** Same as Plan 2.
- **Disability Coverage –** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- **Purchase of Prior Service –** As with Plans 1 and 2, members may choose to purchase prior service credits subject to the Plan provisions.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

City of Lynchburg (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	930
Inactive members:	
Vested inactive members	181
Non-vested inactive members	296
Inactive members active elsewhere in VRS	291
Total inactive members	768
Active members	1,154
Total covered employees	2,852

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The political subdivision's contractually required contribution rate for the year ended June 30, 2016 was 20.80% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 \$10,951,053 and \$10,728,502 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

City of Lynchburg (Continued)

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, 2014, 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, 2015.

Inflation	2.50%
General Employees - Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees - Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates: General employees - 14% of deaths are assumed to be service related. Public Safety Employees – 60% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2000 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees - Largest 10 – Non-LEOS and all Others (Non 10 Largest): Update mortality table; decrease in rates of service retirement; decrease in rates of disability retirement; and reduce rates of salary increase by 0.25% per year.

Public Safety Employees – Largest 10 – Non-LEOS and all Others (Non 10 Largest): Update mortality table; adjustment to rates of service retirement for females (Non 10 Largest); decrease in rates of male disability (Largest 10, only); decrease in male and female rates of disability (Non 10 Largest) increase in rates of withdrawal, and reduce rates of salary increase by 0.25% per year.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

City of Lynchburg (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

City of Lynchburg (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014	\$ 337,591,843	\$ 238,604,898	\$ 98,986,945
Changes for the year:			
Service cost	6,349,597	-	6,349,597
Interest	22,979,376	-	22,979,376
Differences between expected and actual experience	(1,322,839)	-	(1,322,839)
Contributions – employer	-	10,640,498	(10,640,498)
Contributions – employee	-	2,623,103	(2,623,103)
Net investment income	-	10,830,296	(10,830,296)
Benefit payments, including refunds of employee contributions	(18,630,099)	(18,630,099)	-
Administrative expenses	-	(151,038)	151,038
Other changes	-	(2,273)	2,273
Net changes	9,376,035	5,310,487	4,065,548
Balances at June 30, 2015	\$ 346,967,878	\$ 243,915,385	\$ 103,052,493

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's net pension liability	\$ 145,589,748	\$ 103,052,493	\$ 67,499,853

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

City of Lynchburg (Continued)

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

For the year ended June 30, 2016, the political subdivision recognized pension expense of \$7,496,164. At June 30, 2016, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 998,614
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	6,453,155
Employer contributions subsequent to the measurement date	10,951,053	-
Total	<u>\$ 10,951,053</u>	<u>\$ 7,451,769</u>

The \$10,951,053 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 ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2017	\$ (2,853,867)
2018	(2,853,867)
2019	(2,853,866)
2020	1,109,831
2021	-
Thereafter	-

Payables to the Pension Plan

At June 30, 2016, approximately \$1,256,000 was payable to the Virginia Retirement System for the legally required contributions related to June 2016 payroll.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

Lynchburg City Schools

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 plan is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Plan participants are covered under 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.

Employees Covered by Benefit Terms

As of the June 30, 2014 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>95</u>
Inactive members:	
Vested inactive members	10
Non-vested inactive members	69
Inactive members active elsewhere in VRS	<u>21</u>
Total inactive members	100
Active members	<u>159</u>
Total covered employees	<u><u>354</u></u>

Contributions

The school division’s contractually required contribution rate for the year ended June 30, 2016 was 8.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

Contributions to the pension plan from the school division were \$327,494 and \$318,007 for the years ended June 30, 2016 and June 30, 2015, respectively.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)

Lynchburg City Schools (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2014, as restated*	\$ 13,508,070	\$ 12,667,526	\$ 840,544
Changes for the year:			
Service cost	406,482	-	406,482
Interest	919,361	-	919,361
Differences between expected and actual experience	(44,589)	-	(44,589)
Contributions – employer	-	308,821	(308,821)
Contributions – employee	-	173,123	(173,123)
Net investment income	-	574,086	(574,086)
Benefit payments, including refunds of employee contributions	(748,677)	(748,677)	-
Administrative expenses	-	(8,015)	8,015
Other changes	-	(120)	120
Net changes	532,577	299,218	233,359
Balances at June 30, 2015	\$ 14,040,647	\$ 12,966,744	\$ 1,073,903

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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School division's net pension liability	\$ 2,681,723	\$ 1,073,903	\$ (284,215)

*The net pension liability at June 30, 2014, as reported in 2015, included a separate legal entity, the Laurel Regional Program, which is a cost sharing participant in the School division's plan. The effects of this participation, which approximated 3.72% of the total liability, was removed resulting in an increase of beginning net position of \$51,437.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 11. Defined Benefit Pension Plan (Continued)**Lynchburg City Schools (Continued)****Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2016, the school division recognized pension expense of \$117,860. At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,189
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	344,723
Employer contributions subsequent to the measurement date	<u>327,494</u>	<u>-</u>
Total	<u><u>\$ 327,494</u></u>	<u><u>\$ 375,912</u></u>

The \$327,494 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 ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2017	\$ (149,827)
2018	(149,827)
2019	(138,095)
2020	61,837
2021	-
Thereafter	-

Payables to the Pension Plan

At June 30, 2016, approximately \$11,700 was payable to the Virginia Retirement System for the legally required contributions related to June 2016 payroll.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 12. Defined Benefit Pension Plan – Teacher Cost Sharing Plan

General Information about the Teacher Cost Sharing Plan

Plan Description

All full-time, salaried permanent (professional) employees of Virginia school divisions, including the Lynchburg City Schools, (the “School Division”), are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is a multiple employer cost-sharing plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia.

Prior to the adoption of GASB Statement No. 68 in fiscal year 2015, Virginia local school divisions were required to disclose information about their contributions to the teacher cost-sharing plan, but not report a proportionate share of the plan’s net pension liability. Upon adoption of the new pension standards in 2015, the School Division now reports its proportionate share of the plan’s net pension liability as well as certain other deferred inflows and/or outflows as disclosed below.

Plan participants are covered under three different benefit structures – 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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5.00% member contribution. In addition, for existing employees, employers were required to begin requiring that the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division’s contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. The amount of this transfer for the School division, included in operating grants and contributions in the Statement of Activities, was approximately \$1,310,000.

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. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the school division were \$7,665,214 and \$7,180,755 for the years ended June 30, 2016 and June 30, 2015, respectively.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

At June 30, 2016, the school division reported a liability of \$85,540,519 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. 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, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 0.70685% as compared to 0.70008% at June 30, 2014.

For the year ended June 30, 2016, the school division recognized pension expense of \$6,760,307. 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.

The net pension liability at June 30, 2014, as reported in 2015, included a separate legal entity, the Laurel Regional Program, which is a cost sharing participant in the School Division's plan. The effects of this participation, which approximated 3.72% of the total liability, was removed resulting in an increase in beginning net position of \$3,272,907.

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,177,811
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,238,179
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,960,470	-
Employer contributions subsequent to the measurement date	7,665,214	-
Total	<u>\$ 9,625,684</u>	<u>\$ 6,415,990</u>

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

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

General Information about the Teacher Cost Sharing Plan (Continued)

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

The \$1,960,470 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 ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2017	\$ (1,621,419)
2018	(1,621,419)
2019	(1,621,419)
2020	494,675
2021	(85,938)
Thereafter	-

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement plan net pension liability	<u>\$ 125,181,531</u>	<u>\$ 85,540,519</u>	<u>\$ 52,909,422</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-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, 2016, approximately \$930,000 was payable to the Virginia Retirement System for the legally required contributions related to June 2016 payroll.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 13. Other Post-Employment Benefits

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, July 1, 2016, was as follows:

Actives	1,125
Retirees	450
Spouses	<u>136</u>
Total Participants	<u><u>1,711</u></u>

Funding Policy

The City currently funds postemployment health care benefits on a pay-as-you-go basis. During FY2016, the City added \$9,578 in interest earnings to the funds committed for the OPEB liability. Total funds committed for OPEB at June 30, 2016 including interest are \$2,141,392. The City is exploring the possibility of developing a trust to accumulate and invest assets necessary to pay for the accumulated liability.

Annual Other Postemployment Benefit Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2016, the City's Annual OPEB Cost (expense) was \$4,846,478. The payment of current retiree claims net of retiree contributions towards premiums, which totaled \$2,080,511 for retirees, along with an Implicit Rate Subsidy of \$582,543 resulted in a Net OPEB obligation of \$7,761,325 for the year ended June 30, 2016.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 13. Other Post-Employment Benefits (Continued)

Annual Other Postemployment Benefit Cost and Net OPEB Obligation (Continued)

City of Lynchburg (Continued)

Annual required contribution	\$ 4,864,802
Interest on net OPEB obligation	223,116
Adjustment to annual required contribution	(241,440)
Annual OPEB cost	4,846,478
Contributions made	(2,663,054)
Increase in net OPEB obligation	2,183,424
Net OPEB obligation-beginning of year	5,577,901
Net OPEB obligation-end of year	<u>\$ 7,761,325</u>

The Implicit Rate Subsidy is the *de facto* subsidy of retirees by permitting them to pay lower than age-adjusted premiums through the use of a single common or blended premium for both retirees and active employees.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY2014, FY2015, and FY2016 are as follows.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2014	\$3,501,875	60.6%	\$5,525,059
06/30/2015	\$3,511,742	98.5%	\$5,577,901
06/30/2016	\$4,846,478	54.9%	\$7,761,325

Funded Status and Funding Progress

The funded status of the plan as of the most recent valuation, June 30, 2016, was as follows:

Actuarial Accrued Liability (AAL)	\$ 91,624,500
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 91,624,500</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0%
Covered Payroll (Active Plan Members)	\$ 48,947,764
UAAL as a Percentage of Covered Payroll	187.19%

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 13. Other Post-Employment Benefits (Continued)

Annual Other Postemployment Benefit Cost and Net OPEB Obligation (Continued)

City of Lynchburg (Continued)

Actuarial Methods and Assumptions

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

In the July 1, 2016 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 4.0% discount rate, a 3.0% inflation rate, and an initial annual healthcare cost trend of 10% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.75%. The unfunded actuarial accrued liability is being amortized over 30 years using the Level Percentage of Pay method. The remaining closed amortization period at June 30, 2016 is 26 years.

Lynchburg City Schools

Plan Description

The Schools provide certain benefits for retired employees through a single-employer defined benefit plan. The Schools may change, add, or delete benefits (including contributions required of retired employees) with School Board approval.

Benefits Provided

The Schools provide post-employment medical, dental, and vision benefits to its retirees and their eligible dependents that elect to stay in the plans. At retirement, retirees may stay in one of two PPO plans with an additional choice of prescription drug benefits and can continue coverage under all the benefits until age 65. The retiree pays the premium for these benefits.

Participants are eligible for the plan when they are eligible to retire under the provisions of the Virginia Retirement System and they have worked for Lynchburg City Schools for ten continuous years. The earliest retirement age is at age 50 with ten years of service, except for those eligible to elect the Early Retirement Incentive Plan as described below.

Early Retirement Incentive Plan

Under an early retirement incentive plan adopted by the School Board in April 2009, the Schools will pay the employee-only low option medical plan for an eligible retiree. Employees are eligible for this early retirement incentive plan upon reaching twenty-five (25) years of Virginia Retirement System service and ten (10) continuous years of employment with Lynchburg City Schools immediately preceding retirement. The benefit is payable for five (5) years or until age 65, whichever occurs first. This plan was offered only in FY2009, and is no longer available to new participants.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 13. Other Post-Employment Benefits (Continued)

Lynchburg City Schools (Continued)

Membership

The number of participants at June 30, 2016 was as follows:

Active participants	1,211
Inactive participants	<u>85</u>
Total	<u>1,296</u>

Funding Policy

The Schools currently fund postemployment health care benefits on a pay-as-you-go basis. The Schools do not intend to establish a trust to pre-fund this liability.

Annual Other Postemployment Benefit Cost and Net OPEB Obligation

For the fiscal year ended June 30, 2016, the School's annual OPEB cost (expense) was \$908,553. The payment of current retiree claims net of retiree contributions towards premiums, which totaled \$184,338 for retirees, resulted in a Net OPEB obligation of \$4,199,783 for the year ended June 30, 2016.

Annual required contribution	\$ 962,789
Interest on net OPEB obligation	139,023
Adjustment to annual required contribution	<u>(193,259)</u>
Annual OPEB cost	908,553
Contributions made	<u>(184,338)</u>
Increase in net OPEB obligation	724,215
Net OPEB obligation-beginning of year	<u>3,475,568</u>
Net OPEB obligation-end of year	<u>\$ 4,199,783</u>

The School's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for FY2014, FY2015 and FY2016 are as follows.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/2014	\$895,582	49.5%	\$3,266,865
06/30/2015	\$926,754	77.5%	\$3,475,568
06/30/2016	\$908,553	20.3%	\$4,199,783

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 13. Other Post-Employment Benefits (Continued)

Lynchburg City Schools (Continued)

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016 was as follows:

Actuarial Accrued Liability (AAL)	\$ 7,723,237
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 7,723,237</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0 %
Covered Payroll (Active Plan Members)	\$ 57,846,819
UAAL as a Percentage of Covered Payroll	13.35 %

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

Actuarial Methods and Assumptions

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

In the June 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used to determine liabilities. Under this method, future benefits are projected and their present value is determined. The present value is then allocated over the period from date of hire to the full eligibility date. The actuarial assumptions used a 4% discount rate, and an initial annual healthcare cost trend of 9% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 5.0%. The unfunded actuarial accrued liability is being amortized over 30 years and is based on a closed group. The fresh start method of amortization for the unfunded actuarial accrued liability was used for each year.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 14. Leases

Lessee:

Operating leases have original terms from one month to 60 months and in certain instances allow cancellations if funds are not appropriated for each year's payments. At June 30, future minimum lease payments are as follows:

Year Ending June 30	Operating Leases	
	Primary Government	Component Unit – Schools
2017	\$ 210,112	\$ 376,520
2018	126,573	345,508
2019	106,066	275,198
2020	102,585	93,369
2021	101,040	63,915
2022-2026	375,349	250,000
	<u>\$ 1,021,725</u>	<u>\$ 1,404,510</u>

For 2016, the City incurred rental expenditures of \$372,318 in the General Fund and the Schools incurred rental expenditures of \$619,951.

Note 15. Risk Management

The Risk Management Programs of the City are as follows:

Workers' Compensation: The City is self-insured for workers' compensation claims. All settled claims are paid through the General Fund. 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 amounted to \$812,437.

General Liability and Other: 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 \$435 million per occurrence. Other liability policies provide up to \$60,000,000 coverage in the aggregate. Police professional liability and public officials' liability claims with a \$500,000 deductible per claim are covered through a policy with the States Self Insurance Risk Group. Total premiums for purchased coverage for the year ended June 30 were \$511,111. The City has designated a portion of its fund balance in the General Fund to fund future general liability claims. City management believes any incurred but not reported claims at June 30 would be insignificant.

Healthcare: The City's professionally administered self-insurance program provides healthcare coverage for employees and retirees of the City on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the City. Under the program, the City is obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$300,000 per covered individual per contract year, once the aggregating specific of \$50,000 has been met. The City is responsible for all claims over the stated specific deductible up to a certain amount (the aggregating specific deductible). In return, the City receives a certain amount of premium relief for sharing in the claims risk of the aggregating specific. For the year ended June 30, total claims expense of \$12,014,385 was incurred. Administrative fees, Affordable Care Act fees, and stop loss premiums for the year ended June 30 totaled \$1,068,585. Estimated incurred, but not reported, claims at June 30, included in ending claims payable, totaled approximately \$561,116 and has been funded by the City.

(Continued)

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 15. Risk Management (Continued)

Changes in aggregate liabilities were as follows:

			Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Workers' Compensation	2016	\$	2,600,085	\$ 1,031,844	\$ 812,437	\$ 2,819,492
	2015	\$	2,419,999	\$ 1,046,442	\$ 866,356	\$ 2,600,085
General/Automotive Liability	2016	\$	-	\$ 170,404	\$ 170,404	\$ -
	2015	\$	-	\$ 451,186	\$ 451,186	\$ -
Healthcare	2016	\$	750,000	\$ 12,014,385	\$ 11,275,284	\$ 1,489,101
	2015	\$	346,784	\$ 9,800,881	\$ 9,397,665	\$ 750,000

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

The Risk Management Programs of the Schools are as follows:

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

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

Healthcare: The Schools' professionally administered self-insurance program provides healthcare coverage for employees and retirees of the Schools on a cost-plus basis. Dependents of employees and retirees are also covered by the program provided they pay a premium to the Schools. Under the program, the Schools are obligated for claims payments and administrative costs. A stop loss insurance contract executed with an insurance carrier covers claims in excess of \$350,000 per covered individual per contract year. Total claims expense of \$9,234,959 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 \$776,180. Estimated incurred, but not reported, claims at June 30 based on prior experience totaled \$776,180 and have been recorded as a liability by the Schools.

Changes in aggregate liabilities were as follows:

			Beginning of Year	Claims and Reserves	Claim Payments	End of Year
Healthcare	2016	\$	551,416	\$ 9,010,195	\$ 10,562,555	\$ 776,180
	2015	\$	454,293	\$ 8,028,296	\$ 7,931,173	\$ 551,416

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 16. Significant Transactions of the City and Discretely Presented Component Unit – Schools

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

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

Expenses of Schools – Component Unit (Exhibit 2)	\$ 106,583,733
Principal and other debt service expenses included in City	<u>8,657,982</u>
Total expenses/expenditures for School activities	<u>\$ 115,241,715</u>

Note 17. Commitments and Contingencies

Combined Sewer Overflow:

In 1994, and with subsequent permit renewals, the VDEQ issued a sewage discharge permit and Special Order of Consent containing the terms and conditions that would govern implementation of the City’s CSO program. That permit 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 is completely separated. The order established a project priority listing for implementation of the CSO control plan.

On July 31, 2015 VDEQ issued a revised Consent Special Order which significantly changed the CSO Long-Term Control Plan. The revised plan includes an alternate list of projects designed to integrate the CSO program with overarching water quality standards that encompass both CSO and stormwater management impacts. As of September 5, 2014 the revised program was estimated to cost \$63,890,000.

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

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 17. Commitments and Contingencies (Continued)

Grant Programs:

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as to being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, related to such audits would not be material to the financial position of the City at June 30, 2016.

Arbitrage:

The City has certain debt instruments subject to arbitrage regulations. As of June 30, 2016, the arbitrage rebate liability estimate was zero.

Encumbrance Commitments:

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

MAJOR FUNDS

General Fund	\$ 797,157
City Capital Projects Fund	13,311,830
School Capital Projects	9,179,904
Total Major Funds	<u>23,288,891</u>

NONMAJOR FUNDS

City Federal State Aid	391,700
Asset Forfeiture	30,380
Lynchburg Regional Juvenile Detention Center	7,640
Total Nonmajor Funds	<u>429,720</u>

TOTAL ENCUMBRANCES	<u>\$ 23,718,611</u>
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Construction Commitments:

Included in the encumbrances above are construction commitments of \$13,311,830 in the City Capital Projects fund and \$9,179,904 in the School Capital Projects fund. The City also had construction commitments of \$3,419,082 in the Water fund; \$3,275,949 in the Sewer fund; \$434,211 in the Stormwater Fund; and \$3,153,182 in the Airport fund as of June 30, 2016.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 18. Bluffwalk

Loan Agreement:

In 2004, the City entered into a contract with the U.S. Department of Housing and Urban Development (HUD) whereas the City is the borrower and HUD is the guarantor of a Section 108 loan (Note 9). With the funds borrowed from HUD, the City entered into a loan agreement with Bluffwalk Center L.P. (Bluffwalk). The City loaned Bluffwalk \$3,200,000 with payments required twice a year. Bluffwalk failed to make all of the required payments to the City. The City fulfilled its obligation to HUD by making the required payments, obtaining the remaining funds from the Community Development Block Grant (CDBG). During FY2014, Bluffwalk repaid the City, with interest, all missed principal and interest payments. The City, in accordance with guidance from HUD, will retain these funds for future principal and interest payments. Bluffwalk entered into another agreement with the City, whereby Bluffwalk agreed to pay \$100,000 in two semi-annual payments of \$50,000 each toward the HUD loan. The City will use the retained funds along with the \$100,000 to make the semi-annual payments to HUD. Subsequent to year end Bluffwalk paid \$50,000 towards the required principal and interest payment.

During FY2015, the City was contacted by the Financial Management division of HUD to advise that a new Section 108 Loan Guarantee Program public offering was available. The City refinanced the Series 2004-A note with an outstanding principal balance of \$1,580,000. The refunding saved the City approximately 13.5% or approximately \$213,000.

During FY2016 the City used \$174,524 of the retained funds along with \$100,000 received from Bluffwalk to pay the annual principal and interest payments. Subsequent to year end Bluffwalk paid \$50,000 towards the required principal and interest payment.

Note 19. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions* improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments to disclose information about the nature and magnitude of tax abatements granted to a specific taxpayer, typically for the purpose of economic development. This does not cover programs that reduce the tax liabilities of broad classes of taxpayers, such as senior citizens or veterans, and which are not the product of individual agreements with each taxpayer. The Statement does not consider issues related to recognition. This Statement will be effective for the year ending June 30, 2017.

CITY OF LYNCHBURG, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 19. New Accounting Standards (Continued)

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements* provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement will be effective for the year ending June 30, 2017, except for certain provisions regarding assumptions for plans with a measurement date that differs from the employer's reporting date – those provisions are effective for the year ending June 30, 2018.

REQUIRED SUPPLEMENTAL INFORMATION

Required Supplementary Information
Primary Government
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016

	Plan Year	
	2014	2015
Total Pension Liability		
Service cost	\$ 6,203,323	\$ 6,349,597
Interest on total pension liability	22,279,728	22,979,376
Changes in benefit terms	-	-
Difference between expected and actual experience	-	(1,322,839)
Benefit payments, including refunds of employee contributions	(18,346,084)	(18,630,099)
Net change in total pension liability	10,136,967	9,376,035
Total pension liability - beginning	327,454,876	337,591,843
Total pension liability - ending	337,591,843	346,967,878
Plan Fiduciary Net Position		
Contributions - employer	10,482,447	10,640,498
Contributions - employee	2,545,602	2,623,103
Net investment income	32,917,551	10,830,296
Benefit payments, including refunds of employee contributions	(18,346,084)	(18,630,099)
Administrative expenses	(180,075)	(151,038)
Other	1,737	(2,273)
Net change in plan fiduciary net position	27,421,178	5,310,487
Plan fiduciary net position - beginning	211,183,720	238,604,898
Plan fiduciary net position - ending	238,604,898	243,915,385
Net pension liability - ending	\$ 98,986,945	\$ 103,052,493
Plan fiduciary net position as a percentage of total pension liability	71%	70%
Covered employee payroll	\$ 47,572,054	\$ 50,441,350
Net pension liability as a percentage of covered employee payroll	208%	204%

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

Required Supplementary Information
Schools – Non Professional Employees
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016

	Plan Year	
	2014	2015
Total Pension Liability		
Service cost	\$ 408,027	\$ 408,652
Interest on total pension liability	935,168	975,621
Difference between expected and actual experience	-	(47,318)
Benefit payments, including refunds of employee contributions	(736,082)	(794,492)
Net change in total pension liability	607,113	542,463
Total pension liability - beginning	13,727,582	14,334,695
Total pension liability - ending	14,334,695	14,877,158
Plan Fiduciary Net Position		
Contributions - employer	382,008	327,719
Contributions - employee	192,487	183,717
Net investment income	1,844,193	609,217
Benefit payments, including refunds of employee contributions	(736,082)	(794,492)
Administrative expenses	(9,987)	(8,505)
Other	98	(127)
Net change in plan fiduciary net position	1,672,717	317,529
Plan fiduciary net position - beginning	11,769,997	13,442,714
Plan fiduciary net position - ending	13,442,714	13,760,243
Net pension liability - ending	\$ 891,981	\$ 1,116,915
Plan fiduciary net position as a percentage of total pension liability	94%	92%
Covered employee payroll	\$ 3,851,034	\$ 3,727,782
Net pension liability as a percentage of covered employee payroll	23%	30%

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

Required Supplementary Information
Schedule of Pension Contributions
For the Year Ended June 30, 2016

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2016	\$ 10,951,053	\$ 10,951,053	\$ -	\$ 51,326,626	21.34%
2015	\$ 10,728,502	\$ 10,728,502	\$ -	\$ 50,441,350	21.27%
Schools - Nonprofessional Employees					
2016	\$ 340,611	\$ 340,611	\$ -	\$ 3,613,671	9.43%
2015	\$ 330,294	\$ 330,294	\$ -	\$ 3,727,782	8.86%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only two years of data is available. Additional years will be included as they become available.

Required Supplementary Information
Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
For the Year Ended June 30, 2016

School Division	Fiscal Year Ended June 30	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	2016	0.71%	\$ 88,962,000	\$ 51,468,623	172.85%	70.68%
	2015	0.70%	\$ 84,602,000	\$ 51,204,136	165.22%	70.88%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only two years of data is available. Additional years will be included as they become available. The covered payroll amounts above are for the 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, 2016

School Division Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2016	\$ 7,972,259	\$ 7,972,259	\$ -	\$ 50,669,701	15.73%
2015	\$ 7,458,200	\$ 7,458,200	\$ -	\$ 51,468,623	14.49%

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

Required Supplemental Information
Schedule of Funding Progress for Other Post Employment Benefits
As of June 30, 2016

	Actuarial	Actuarial Value	Actuarial Accrued	Unfunded Actuarial Accrued	Funded	Annual Covered	UAAL as a
	Valuation Date	of Assets	Liability (AAL)	Liability (UAAL)	Ratio	Payroll	Percentage of Covered Payroll
City of Lynchburg							
	June 30, 2016	\$ -	\$ 91,624,500	\$ 91,624,500	0.00%	\$ 48,947,764	187.19%
	June 30, 2014	\$ -	\$ 89,784,846	\$ 89,784,846	0.00%	\$ 47,572,054	188.73%
	June 30, 2012	\$ -	\$ 60,963,806	\$ 60,963,806	0.00%	\$ 48,564,229	125.53%
	June 30, 2010	\$ -	\$ 58,445,937	\$ 58,445,937	0.00%	\$ 47,102,629	124.08%
	June 30, 2008	\$ -	\$ 50,541,000	\$ 50,541,000	0.00%	\$ 50,839,048	99.41%
Lynchburg City Schools							
	June 30, 2016	\$ -	\$ 7,723,237	\$ 7,723,237	0.00%	\$ 57,846,819	13.35%
	June 30, 2015	\$ -	\$ 7,268,479	\$ 7,268,479	0.00%	\$ 57,822,720	12.57%
	June 30, 2014	\$ -	\$ 7,984,513	\$ 7,984,513	0.00%	\$ 56,023,045	14.25%
	June 30, 2013	\$ -	\$ 7,666,529	\$ 7,666,529	0.00%	\$ 54,033,601	14.19%
	June 30, 2012	\$ -	\$ 8,780,625	\$ 8,780,625	0.00%	\$ 58,331,131	15.05%

CITY OF LYNCHBURG, VIRGINIA

Notes to Required Supplementary Information June 30, 2016

Note 1. Changes of Benefit Terms

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

Note 2. Changes of Assumptions

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

Largest 10 – Non-LEOS:

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

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

Teacher cost-sharing pool

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

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OTHER SUPPLEMENTAL INFORMATION

CITY OF LYNCHBURG, VIRGINIA

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

Nonmajor Governmental Funds:

Nonmajor governmental funds consist of special revenue funds.

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

Funds in this category include:

- City Federal/State Aid Fund – Accounts for various federal and state grants for such purposes as building projects, certain social service and community development programs, and public safety.
- Community Development Block Grant Fund – Accounts for revenues from the Department of Housing and Urban Development which are used for various development projects.
- Lynchburg Business Development Centre Fund – Accounts for revenues received to support a local business incubator and for monies received from the Economic Development Administration for a revolving loan fund and certain other economic development assistance.
- Lynchburg Regional Juvenile Detention Center Fund – Accounts for revenues received and expenditures made to support the operations of the City's Juvenile Detention Home.
- Forfeited Assets Fund – Accounts for revenues received from the sale of confiscated assets which are related to illegal drug sales and are used for law enforcement expenditures.
- Lynchburg Expressway Appearance Fund – Accounts for the revenues and expenditures associated with beautification of the Lynchburg Expressway Area.
- Children's Services Act Fund – Accounts for revenues received and expenditures made to support the Children's Services Act for At-Risk Youth and Families adopted by the Virginia General Assembly.
- HOME Investment Trust 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, 2016

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Children's Services Act
Assets					
Cash and cash equivalents	\$ -	\$ 1,068,451	\$ 171	\$ 500,469	\$ -
Receivables, net of allowance:					
Other	68,660	2,355	-	-	8,425
Due from other funds	263,378	-	-	-	324,120
Due from other governments	217,587	12,437	-	-	1,915,339
Due from component unit	-	-	125,000	-	-
Other assets	-	-	213	-	-
Restricted assets:					
Cash and cash equivalents	515,596	-	-	-	-
Total assets	<u>\$ 1,065,221</u>	<u>\$ 1,083,243</u>	<u>\$ 125,384</u>	<u>\$ 500,469</u>	<u>\$ 2,247,884</u>
Liabilities					
Accounts payable and other liabilities	\$ 25,500	\$ 9,106	\$ -	\$ 1,605	\$ 981,565
Accrued payroll and related liabilities	61,233	3,318	-	-	1,872
Due to other funds	263,990	-	-	-	1,264,447
Due to other governments	98,860	-	-	-	-
Total liabilities	<u>449,583</u>	<u>12,424</u>	<u>-</u>	<u>1,605</u>	<u>2,247,884</u>
Deferred Inflows of Resources					
Unavailable revenue	100,042	2,355	-	-	-
Total deferred inflows of resources	<u>100,042</u>	<u>2,355</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted	515,596	1,068,464	-	498,864	-
Committed	-	-	125,384	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>515,596</u>	<u>1,068,464</u>	<u>125,384</u>	<u>498,864</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,065,221</u>	<u>\$ 1,083,243</u>	<u>\$ 125,384</u>	<u>\$ 500,469</u>	<u>\$ 2,247,884</u>

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016

	Lynchburg Expressway Appearance	HOME Investment Trust	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
Assets				
Cash and cash equivalents	\$ 197,681	\$ 26,030	\$ 86,803	\$ 1,879,605
Receivables, net of allowance:				
Other	72,134	-	-	151,574
Due from other funds	-	-	-	587,498
Due from other governments	-	1,979	440,183	2,587,525
Due from component unit	-	-	-	125,000
Other assets	-	-	-	213
Restricted assets:				
Cash and cash equivalents	-	-	-	515,596
Total assets	<u>\$ 269,815</u>	<u>\$ 28,009</u>	<u>\$ 526,986</u>	<u>\$ 5,847,011</u>
Liabilities				
Accounts payable and other liabilities	\$ 1,088	\$ 1,173	\$ 10,816	\$ 1,030,853
Accrued payroll and related liabilities	-	589	66,328	133,340
Due to other funds	-	-	349,830	1,878,267
Due to other governments	-	-	-	98,860
Total liabilities	<u>1,088</u>	<u>1,762</u>	<u>426,974</u>	<u>3,141,320</u>
Deferred Inflows of Resources				
Unavailable revenue	95,719	-	-	198,116
Total deferred inflows of resources	<u>95,719</u>	<u>-</u>	<u>-</u>	<u>198,116</u>
Fund Balances				
Restricted	173,008	26,247	-	2,282,179
Committed	-	-	-	125,384
Assigned	-	-	100,012	100,012
Unassigned	-	-	-	-
Total fund balances	<u>173,008</u>	<u>26,247</u>	<u>100,012</u>	<u>2,507,575</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 269,815</u>	<u>\$ 28,009</u>	<u>\$ 526,986</u>	<u>\$ 5,847,011</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2016

	City Federal State Aid	Community Development Block Grant	Lynchburg Business Development Centre	Forfeited Assets	Children's Services Act
Revenues					
Intergovernmental	\$ 3,318,357	\$ 1,102,141	\$ -	\$ 279,651	\$ 3,931,736
Revenue from use of money and property	-	-	31,804	1,195	-
Charges for services	605,467	67,208	-	-	1,959,515
Miscellaneous	316,878	-	-	-	39,823
Total revenues	<u>4,240,702</u>	<u>1,169,349</u>	<u>31,804</u>	<u>280,846</u>	<u>5,931,074</u>
Expenditures					
Current operating expenditures:					
General government	-	-	-	-	-
Judicial	933,805	-	-	51,334	-
Public safety	1,543,960	-	-	38,646	-
Public works	14,999	-	-	-	-
Health and human services	1,611,960	-	-	-	5,945,630
Community development	81,732	1,345,938	31,804	-	-
Capital Outlay:					
Capital general government	-	-	-	10,552	-
Debt service:					
Principal retirements	180,000	-	-	-	-
Interest payments and other fiscal charges	16,680	-	-	-	-
Total expenditures	<u>4,383,136</u>	<u>1,345,938</u>	<u>31,804</u>	<u>100,532</u>	<u>5,945,630</u>
Excess (deficiency) of revenues over expenditures	<u>(142,434)</u>	<u>(176,589)</u>	<u>-</u>	<u>180,314</u>	<u>(14,556)</u>
Other financing sources (uses)					
Transfers in	324,895	-	-	-	-
Transfers out	-	-	-	(15,000)	-
Total other financing sources (uses)	<u>324,895</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Net changes in fund balances	<u>182,461</u>	<u>(176,589)</u>	<u>-</u>	<u>165,314</u>	<u>(14,556)</u>
Fund balances - beginning	<u>333,135</u>	<u>1,245,053</u>	<u>125,384</u>	<u>333,550</u>	<u>14,556</u>
Fund balances - ending	<u>\$ 515,596</u>	<u>\$ 1,068,464</u>	<u>\$ 125,384</u>	<u>\$ 498,864</u>	<u>\$ -</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016

	Lynchburg Expressway Appearance	HOME Investment Trust	Lynchburg Regional Juvenile Detention Center	Total Nonmajor Special Revenue
Revenues				
Intergovernmental	\$ -	\$ 236,841	\$ 1,085,830	\$ 9,954,556
Revenue from use of money and property	-	-	-	32,999
Charges for services	-	-	1,495,868	4,128,058
Miscellaneous	21,758	-	261	378,720
Total revenues	<u>21,758</u>	<u>236,841</u>	<u>2,581,959</u>	<u>14,494,333</u>
Expenditures				
Current operating expenditures:				
General government	-	-	4,346	4,346
Judicial	-	-	-	985,139
Public safety	-	-	2,452,382	4,034,988
Public works	36,891	-	-	51,890
Health and human services	-	-	-	7,557,590
Community development	-	236,841	-	1,696,315
Capital Outlay:				
Capital general government	-	-	-	10,552
Debt service:				
Principal retirements	-	-	116,865	296,865
Interest payments and other fiscal charges	-	-	8,366	25,046
Total expenditures	<u>36,891</u>	<u>236,841</u>	<u>2,581,959</u>	<u>14,662,731</u>
Deficiency of revenues over expenditures	<u>(15,133)</u>	<u>-</u>	<u>-</u>	<u>(168,398)</u>
Other financing sources (uses)				
Transfers in	-	-	-	324,895
Transfers out	-	-	-	(15,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,895</u>
Net changes in fund balances	<u>(15,133)</u>	<u>-</u>	<u>-</u>	<u>141,497</u>
Fund balances - beginning	<u>188,141</u>	<u>26,247</u>	<u>100,012</u>	<u>2,366,078</u>
Fund balances - ending	<u>\$ 173,008</u>	<u>\$ 26,247</u>	<u>\$ 100,012</u>	<u>\$ 2,507,575</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City/Federal/State Aid Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,858,195	\$ 5,030,659	\$ 3,318,357	\$ (1,712,302)
Charges for services	56,160	60,677	605,467	544,790
Miscellaneous	44,330	84,918	316,878	231,960
Total revenues	<u>2,958,685</u>	<u>5,176,254</u>	<u>4,240,702</u>	<u>(935,552)</u>
Expenditures				
Current operating expenditures:				
Judicial	857,953	1,007,659	933,805	73,854
Public safety	605,168	1,753,793	1,543,960	209,833
Public works	11,045	22,099	14,999	7,100
Health and human services	1,525,396	1,926,119	1,611,960	314,159
Community development	38,420	98,873	81,732	17,141
Debt service:				
Principal retirements	-	-	180,000	(180,000)
Interest payments and other fiscal charges	-	-	16,680	(16,680)
Total expenditures	<u>3,037,982</u>	<u>4,808,543</u>	<u>4,383,136</u>	<u>425,407</u>
Excess (deficiency) of revenues over expenditures	<u>(79,297)</u>	<u>367,711</u>	<u>(142,434)</u>	<u>(510,145)</u>
Other financing sources				
Transfers in	<u>79,297</u>	<u>323,671</u>	<u>324,895</u>	<u>1,224</u>
Total other financing sources	<u>79,297</u>	<u>323,671</u>	<u>324,895</u>	<u>1,224</u>
Net changes in fund balances	<u>-</u>	<u>691,382</u>	<u>182,461</u>	<u>(508,921)</u>
Fund balances - beginning	<u>333,135</u>	<u>333,135</u>	<u>333,135</u>	<u>-</u>
Fund balances - ending	<u>\$ 333,135</u>	<u>\$ 1,024,517</u>	<u>\$ 515,596</u>	<u>\$ (508,921)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 686,040	\$ 1,644,515	\$ 1,102,141	\$ (542,374)
Charges for services	1,708	4,442	67,208	62,766
Total revenues	<u>687,748</u>	<u>1,648,957</u>	<u>1,169,349</u>	<u>(479,608)</u>
Expenditures				
Current operating expenditures:				
Community development	857,882	2,806,707	1,345,938	1,460,769
Total expenditures	<u>857,882</u>	<u>2,806,707</u>	<u>1,345,938</u>	<u>1,460,769</u>
Net changes in fund balances	(170,134)	(1,157,750)	(176,589)	981,161
Fund balances - beginning	<u>1,245,053</u>	<u>1,245,053</u>	<u>1,245,053</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,074,919</u>	<u>\$ 87,303</u>	<u>\$ 1,068,464</u>	<u>\$ 981,161</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Forfeited Assets Fund
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ -	\$ -	\$ 279,651	\$ 279,651
Revenue from use of money and property	-	-	1,195	1,195
Total revenues	<u>-</u>	<u>-</u>	<u>280,846</u>	<u>280,846</u>
Expenditures				
Current operating expenditures:				
Judicial	33,296	218,795	51,334	167,461
Public safety	-	277,219	38,646	238,573
Capital Outlay				
Capital general government	-	34,151	10,552	23,599
Total expenditures	<u>33,296</u>	<u>530,165</u>	<u>100,532</u>	<u>429,633</u>
Excess (deficiency) of revenues over expenditures	<u>(33,296)</u>	<u>(530,165)</u>	<u>180,314</u>	<u>710,479</u>
Other financing uses				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net changes in fund balances	<u>(48,296)</u>	<u>(545,165)</u>	<u>165,314</u>	<u>710,479</u>
Fund balances - beginning	<u>333,550</u>	<u>333,550</u>	<u>333,550</u>	<u>-</u>
Fund balances (deficits) - ending	<u>\$ 285,254</u>	<u>\$ (211,615)</u>	<u>\$ 498,864</u>	<u>\$ 710,479</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Children's Services Act Fund
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 3,517,404	\$ 4,175,902	\$ 3,931,736	\$ (244,166)
Charges for services	1,435,393	1,635,395	1,959,515	324,120
Miscellaneous	110,000	110,000	39,823	(70,177)
Total revenues	<u>5,062,797</u>	<u>5,921,297</u>	<u>5,931,074</u>	<u>9,777</u>
Expenditures				
Current operating expenditures:				
Health and human services	<u>5,062,797</u>	<u>5,921,297</u>	<u>5,945,630</u>	<u>(24,333)</u>
Total expenditures	<u>5,062,797</u>	<u>5,921,297</u>	<u>5,945,630</u>	<u>(24,333)</u>
Net changes in fund balances	-	-	(14,556)	(14,556)
Fund balances - beginning	<u>14,556</u>	<u>14,556</u>	<u>14,556</u>	<u>-</u>
Fund balances - ending	<u>\$ 14,556</u>	<u>\$ 14,556</u>	<u>\$ -</u>	<u>\$ (14,556)</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
HOME Investment Trust Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 305,985	\$ 716,865	\$ 236,841	\$ (480,024)
Total revenues	<u>305,985</u>	<u>716,865</u>	<u>236,841</u>	<u>(480,024)</u>
Expenditures				
Current operating expenditures:				
Community development	305,985	629,607	236,841	392,766
Total expenditures	<u>305,985</u>	<u>629,607</u>	<u>236,841</u>	<u>392,766</u>
Net changes in fund balances	-	87,258	-	(87,258)
Fund balances - beginning	<u>26,247</u>	<u>26,247</u>	<u>26,247</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 26,247</u></u>	<u><u>\$ 113,505</u></u>	<u><u>\$ 26,247</u></u>	<u><u>\$ (87,258)</u></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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,119,463	\$ 1,127,304	\$ 1,085,830	\$ (41,474)
Charges for services	1,734,159	1,735,030	1,495,868	(239,162)
Miscellaneous	-	-	261	261
Total revenues	<u>2,853,622</u>	<u>2,862,334</u>	<u>2,581,959</u>	<u>(280,375)</u>
Expenditures				
Current operating expenditures:				
General government	4,125	4,346	4,346	-
Public safety	2,719,144	2,732,201	2,452,382	279,819
Debt service:				
Principal retirements	109,025	116,865	116,865	-
Interest payments and other fiscal charges	21,328	13,488	8,366	5,122
Total expenditures	<u>2,853,622</u>	<u>2,866,900</u>	<u>2,581,959</u>	<u>284,941</u>
Net changes in fund balances	-	(4,566)	-	4,566
Fund balances - beginning	<u>100,012</u>	<u>100,012</u>	<u>100,012</u>	<u>-</u>
Fund balances - ending	<u>\$ 100,012</u>	<u>\$ 95,446</u>	<u>\$ 100,012</u>	<u>\$ 4,566</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
City Capital Projects
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 8,702,900	\$ 21,333,504	\$ 8,390,265	\$ (12,943,239)
Revenue from use of money and property	-	-	13,682	13,682
Miscellaneous	1,600,000	3,224,347	1,419,872	(1,804,475)
Total revenues	<u>10,302,900</u>	<u>24,557,851</u>	<u>9,823,819</u>	<u>(14,734,032)</u>
Expenditures				
Current operating expenditures:				
Public works	8,397,428	11,990,500	4,029,559	7,960,941
Cultural and recreational	484,500	1,272,486	533,951	738,535
Community development	285,617	3,516,229	1,336,979	2,179,250
Capital outlay:				
Capital general government	11,062,092	41,579,136	28,054,672	13,524,464
Debt service:				
Issuance costs	-	96,521	96,521	-
Total expenditures	<u>20,229,637</u>	<u>58,454,872</u>	<u>34,051,682</u>	<u>24,403,190</u>
Deficiency of revenues over expenditures	<u>(9,926,737)</u>	<u>(33,897,021)</u>	<u>(24,227,863)</u>	<u>9,669,158</u>
Other financing sources (uses)				
Issuance of bonds	3,096,208	18,743,458	15,596,702	(3,146,756)
Premium on debt issuance	-	1,505,630	1,505,630	-
Transfers in	7,830,529	10,106,265	10,106,215	(50)
Transfers out	-	(416,572)	(416,572)	-
Total other financing sources (uses)	<u>10,926,737</u>	<u>29,938,781</u>	<u>26,791,975</u>	<u>(3,146,806)</u>
Net changes in fund balance	<u>1,000,000</u>	<u>(3,958,240)</u>	<u>2,564,112</u>	<u>6,522,352</u>
Fund balances - beginning	<u>40,305,921</u>	<u>40,305,921</u>	<u>40,305,921</u>	<u>-</u>
Fund balance - ending	<u>\$ 41,305,921</u>	<u>\$ 36,347,681</u>	<u>\$ 42,870,033</u>	<u>\$ 6,522,352</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
School Capital Projects
For the Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ -	\$ -	\$ 80,355	\$ 80,355
Revenue from use of money and property	-	-	88,417	88,417
Total revenues	-	-	168,772	168,772
Expenditures				
Current operating expenditures:				
Education	-	351,132	69,397	281,735
Capital outlay:				
Capital general government	-	32,951,996	27,815,877	5,136,119
Total expenditures	-	33,303,128	27,885,274	5,417,854
Deficiency of revenues over expenditures	-	(33,303,128)	(27,716,502)	5,586,626
Other financing sources				
Transfers in	-	4,645,000	4,645,000	-
Total other financing sources	-	4,645,000	4,645,000	-
Net changes in fund balance	-	(28,658,128)	(23,071,502)	5,586,626
Fund balances - beginning	35,813,975	35,813,975	35,813,975	-
Fund balances - ending	<u>\$ 35,813,975</u>	<u>\$ 7,155,847</u>	<u>\$ 12,742,473</u>	<u>\$ 5,586,626</u>

Statement of Changes in Fiduciary Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<u>Special Welfare</u>				
Assets				
Cash and cash equivalents	\$ 123,281	\$ 236,670	\$ 216,094	\$ 143,857
Total Assets	<u>\$ 123,281</u>	<u>\$ 236,670</u>	<u>\$ 216,094</u>	<u>\$ 143,857</u>
Liabilities				
Accounts payable	\$ 753	\$ 145,148	\$ 145,576	\$ 325
Amounts held for others	<u>122,528</u>	<u>204,508</u>	<u>183,504</u>	<u>143,532</u>
Total Liabilities	<u>\$ 123,281</u>	<u>\$ 349,656</u>	<u>\$ 329,080</u>	<u>\$ 143,857</u>

Discretely Presented Component Unit - Lynchburg City Schools
Combining Balance Sheet
June 30, 2016

	School Operating	School Federal Aid	School Cafeteria	Total Governmental
Assets				
Cash and cash equivalents	\$ 6,027,286	\$ -	\$ 1,215,359	\$ 7,242,645
Receivables, net of allowance	511,720	-	195,886	707,606
Due from other funds	580,274	-	-	580,274
Due from other governments	2,876,966	1,720,676	-	4,597,642
Prepaid expenses	368,942	-	-	368,942
Inventory	-	-	35,371	35,371
Total assets	<u>\$ 10,365,188</u>	<u>\$ 1,720,676</u>	<u>\$ 1,446,616</u>	<u>\$ 13,532,480</u>
Liabilities				
Accounts payable and other liabilities	\$ 960,072	\$ 159,070	\$ 18,075	\$ 1,137,217
Accrued payroll and related liabilities	6,056,571	717,115	120,215	6,893,901
Due to other funds	147	540,467	39,660	580,274
Due to primary government - return of local funding	1,358,955	-	-	1,358,955
Due to primary government - other	420,667	-	-	420,667
Total liabilities	<u>8,796,412</u>	<u>1,416,652</u>	<u>177,950</u>	<u>10,391,014</u>
Deferred Inflows of Resources				
Unavailable revenue	1,053,279	304,024	-	1,357,303
Total deferred inflows of resources	<u>1,053,279</u>	<u>304,024</u>	<u>-</u>	<u>1,357,303</u>
Fund balances				
Nonspendable:				
Prepaid items	368,942	-	-	368,942
Inventory	-	-	35,371	35,371
Restricted for:				
Education	-	-	1,233,295	1,233,295
Committed for:				
Education	146,555	-	-	146,555
Total fund balances	<u>515,497</u>	<u>-</u>	<u>1,268,666</u>	<u>1,784,163</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,365,188</u>	<u>\$ 1,720,676</u>	<u>\$ 1,446,616</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,632,548
Receivables on the Statement of Net Position that do not provide current financial resources are reported as unavailable revenue in the funds.	1,357,303
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows of resources for 2016 employer contributions	7,992,708
Deferred outflows of resources related to changes in proportion and differences between employer contributions and proportionate share of contributions - teacher cost sharing pension plan	1,960,470
Deferred inflows of resources for the net difference between projected and actual investment earnings on pension plan investments	(5,582,902)
Difference between expected and actual experience	(1,209,000)
Net pension liability	(86,614,422)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,024,198)
Net position of governmental activities	<u>\$ (78,703,330)</u>

Discretely Presented Component Unit - Lynchburg City Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2016

	<u>School Operating</u>	<u>School Federal Aid</u>	<u>School Cafeteria</u>	<u>Total Governmental</u>
Revenues				
Intergovernmental:				
State and Federal	\$ 47,175,457	\$ 10,498,011	\$ 3,969,850	\$ 61,643,318
City of Lynchburg	42,621,770	-	-	42,621,770
Charges for services	1,491,359	-	472,454	1,963,813
Miscellaneous	1,365,368	-	48,276	1,413,644
Total revenues	<u>92,653,954</u>	<u>10,498,011</u>	<u>4,490,580</u>	<u>107,642,545</u>
Expenditures				
Education:				
Instruction	65,839,840	9,975,632	-	75,815,472
Administration, attendance, and health	5,426,428	1,969	-	5,428,397
Pupil transportation services	4,762,678	-	-	4,762,678
Operations and maintenance	10,485,381	78,078	-	10,563,459
Food service and other	21,358	132,879	4,092,029	4,246,266
Facilities	14,825	-	-	14,825
Technology	3,230,426	45,566	-	3,275,992
Capital outlay	2,813,555	263,887	-	3,077,442
Total expenditures	<u>92,594,491</u>	<u>10,498,011</u>	<u>4,092,029</u>	<u>107,184,531</u>
Net changes in fund balances	59,463	-	398,551	458,014
Fund balances - beginning	<u>456,034</u>	<u>-</u>	<u>870,115</u>	
Fund balances - ending	<u>\$ 515,497</u>	<u>\$ -</u>	<u>\$ 1,268,666</u>	

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,415,211) exceeded depreciation expense (\$1,294,982).	120,229
Loss on disposition of capital assets is not reflected in the fund statements.	(44,411)
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 expenses.	
Employer pension contributions	7,992,708
Pension expense	(6,630,180)
Compensated absences are not due and payable at June 30, and therefore are not reported in the fund statements.	(113,333)
Other post-retirement benefits are not due and payable at June 30, and therefore are not reported in the fund statements.	(724,215)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>1,470,248</u>
Change in net position of governmental activities.	<u><u>\$ 2,529,060</u></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, 2016

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental:				
State and Federal	\$ 48,830,528	\$ 48,830,528	\$ 47,175,457	\$ (1,655,071)
City of Lynchburg	40,114,276	43,980,725	43,980,725	-
Revenue from use of money and property	100	100	-	(100)
Charges for services	1,453,620	1,453,620	1,491,359	37,739
Miscellaneous	421,500	1,528,232	1,365,368	(162,864)
Total revenues	<u>90,820,024</u>	<u>95,793,205</u>	<u>94,012,909</u>	<u>(1,780,296)</u>
Expenditures				
Education:				
Instruction	67,363,198	67,348,905	65,839,840	1,509,065
Administration, attendance, and health	5,193,272	6,366,682	5,426,428	940,254
Pupil transportation services	4,961,027	4,672,591	4,762,678	(90,087)
Operations and maintenance	10,294,429	10,647,895	10,485,381	162,514
Food service and other	28,615	28,615	21,358	7,257
Facilities	22,178	22,178	14,825	7,353
Technology	2,558,080	3,382,070	3,230,426	151,644
Capital outlay	399,225	3,324,269	2,813,555	510,714
Total expenditures	<u>90,820,024</u>	<u>95,793,205</u>	<u>92,594,491</u>	<u>3,198,714</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,418,418	<u>\$ 1,418,418</u>
Less return of funds to the City			(1,358,955)	
			<u>\$ 59,463</u>	

Discretely Presented Component Unit - Lynchburg City Schools
Combining Statement of Fiduciary Net Position
For the Year Ended June 30, 2016

	<u>Total Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 667,531
Receivables, net	9,762
Prepaid expenses	<u>7,435</u>
Total Assets	<u>\$ 684,728</u>
Liabilities	
Amounts held for others	<u>\$ 684,728</u>
Total Liabilities	<u>\$ 684,728</u>

Discretely Presented Component Unit - Lynchburg City Schools
Statements of Fiduciary Net Position
June 30, 2016

	<u>Governor's School</u>	<u>STEM</u>	<u>Step with Links</u>	<u>GLCT- Step with Links</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 419,772	\$ 20,988	\$ 51,341	\$ 175,430	\$ 667,531
Receivables, net of allowance	-	-	9,762	-	9,762
Prepaid expenses	5,468	1,915	52	-	7,435
Total assets	<u>\$ 425,240</u>	<u>\$ 22,903</u>	<u>\$ 61,155</u>	<u>\$ 175,430</u>	<u>\$ 684,728</u>
Liabilities					
Amounts held for others	\$ 425,240	\$ 22,903	\$ 61,155	\$ 175,430	\$ 684,728
Total liabilities	<u>\$ 425,240</u>	<u>\$ 22,903</u>	<u>\$ 61,155</u>	<u>\$ 175,430</u>	<u>\$ 684,728</u>

**Combining Statement of Net Position
Other Component Units
June 30, 2016**

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 545,413	\$ 429,471	\$ 974,884
Receivables, net of allowance	1,437,188	54,520	1,491,708
Due from other governments	-	1,540,940	1,540,940
Inventory	-	176,384	176,384
Prepays and other assets	800	12,407	13,207
Capital assets:			
Non-depreciable	-	15,631,593	15,631,593
Depreciable	3,842	18,254,555	18,258,397
Total assets	1,987,243	36,099,870	38,087,113
Liabilities			
Current liabilities:			
Accounts payable and other liabilities	190,731	1,795,881	1,986,612
Due to other governments	1,331,060	-	1,331,060
Due to primary government	125,000	6,765	131,765
Total current liabilities	1,646,791	1,802,646	3,449,437
Noncurrent liabilities:			
Other post-employment benefits	-	164,000	164,000
Compensated absences	-	91,165	91,165
Total noncurrent liabilities	-	255,165	255,165
Total liabilities	1,646,791	2,057,811	3,704,602
Net position			
Net investment in capital assets	3,842	33,886,148	33,889,990
Unrestricted	336,610	155,911	492,521
Total net position	\$ 340,452	\$ 34,042,059	\$ 34,382,511

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Other Component Units
For the Year Ended June 30, 2016

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Operating revenues			
Charges for services and other operating revenues	\$ 257,129	\$ 1,087,084	\$ 1,344,213
Total operating revenues	<u>257,129</u>	<u>1,087,084</u>	<u>1,344,213</u>
Operating expenses			
Operations	223,752	6,256,334	6,480,086
Administration	780	1,691,645	1,692,425
Maintenance and repairs	18,396	1,787,987	1,806,383
Total operating expenses	<u>242,928</u>	<u>9,735,966</u>	<u>9,978,894</u>
Operating income (loss)	<u>14,201</u>	<u>(8,648,882)</u>	<u>(8,634,681)</u>
Nonoperating revenue			
Subsidy of operations - City of Lynchburg	-	1,387,273	1,387,273
Subsidy of operations - Counties	-	57,500	57,500
Subsidy of operations - Liberty University	-	1,236,898	1,236,898
Subsidy of operations - State aid for public transportation	-	1,442,121	1,442,121
Subsidy of operations - Federal operating grant	-	2,019,195	2,019,195
Donations and grants	4,000	6,903	10,903
Total nonoperating revenue	<u>4,000</u>	<u>6,149,890</u>	<u>6,153,890</u>
Capital contributions	-	12,248,684	12,248,684
Change in net position	<u>18,201</u>	<u>9,749,692</u>	<u>9,767,893</u>
Total net position - beginning	<u>322,251</u>	<u>24,292,367</u>	<u>24,614,618</u>
Total net position - ending	<u>\$ 340,452</u>	<u>\$ 34,042,059</u>	<u>\$ 34,382,511</u>

**Combining Statement of Cash Flows
Other Component Units
For the Year Ended June 30, 2016**

	Component Units		
	Business Development Centre, Inc.	Greater Lynchburg Transit Company	Total
Operating activities			
Cash received from operations	\$ 428,681	\$ 1,078,922	\$ 1,507,603
Cash paid to employees	(113,793)	(3,449,264)	(3,563,057)
Cash paid to suppliers for goods and services	(115,403)	(3,899,931)	(4,015,334)
New loans disbursed	(212,500)	-	(212,500)
Net cash used in operating activities	(13,015)	(6,270,273)	(6,283,288)
Noncapital financing activities			
Subsidies	-	6,111,404	6,111,404
Donations and grants	4,000	-	4,000
Net cash provided by noncapital financing activities	4,000	6,111,404	6,115,404
Capital and related financing activities			
Capital contributions received	-	11,212,801	11,212,801
Additions to capital assets	(2,186)	(11,114,427)	(11,116,613)
Net cash provided by (used in) capital and related financing activities	(2,186)	98,374	96,188
Net decrease in cash and cash equivalents	(11,201)	(60,495)	(71,696)
Cash and cash equivalents			
Beginning of year	556,614	489,966	1,046,580
End of year	\$ 545,413	\$ 429,471	\$ 974,884
Reconciliation of operating income (loss) to net cash used in operating activities			
Operating income (loss)	\$ 14,201	\$ (8,648,882)	\$ (8,634,681)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	851	2,303,286	2,304,137
Bad debt expenses	7,878	-	7,878
Increase in receivables	(41,948)	(8,162)	(50,110)
Decrease (increase) in prepaids and other assets	(381)	85,882	85,501
Increase in inventory	-	(5,161)	(5,161)
Increase (decrease) in accounts payable and other current liabilities	6,384	(12,903)	(6,519)
Increase in compensated absences and other post-employment benefits	-	15,667	15,667
Net cash used in operating activities	\$ (13,015)	\$ (6,270,273)	\$ (6,283,288)
Supplemental cash flow information			
Non-cash transactions:			
Capital assets additions financed by accounts payable	\$ -	\$ 1,531,257	\$ 1,531,257

SUPPLEMENTAL SCHEDULES

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Federal Expenditures	Expenditures to Subrecipients
<u>Primary Government</u>			
Department of Agriculture			
Direct Payments:			
Department of Parks & Recreation:			
USDA Farmers Market Promotion Grant	10.168	\$38,824	
Passed through Commonwealth of Virginia:			
Department of Social Services:			
Supplemental Nutrition Assistance Program	10.561	1,117,275	
Department of Juvenile Justice:			
National School Lunch Program	10.555	24,852	
National School Breakfast Program	10.553	18,748	
Department of Health and Human Services			
Passed through Commonwealth of Virginia:			
Department of Social Services:			
Family Preservation and Support	93.556	48,747	
TANF Block Grant	93.558	948,342	
Refugee and Entrant Assistance State - Administered Programs	93.566	949	
Low Income Energy Assistance	93.568	109,194	
Child Care Assistance	93.575	(1,900)	
Child Care Development Fund	93.596	151,418	
Chafee Education and Training Vouchers Program (ETV)	93.599	9,868	
Child Welfare Services	93.645	6,045	
Foster Care - Title IV-E	93.658	1,525,321	
Adoption Assistance	93.659	1,808,280	
Social Services Block Grant	93.667	1,076,653	
Independent Living	93.674	18,898	
Children's Insurance Program	93.767	41,190	
Medicaid Assistance	93.778	1,363,389	
Department of Housing and Urban Development			
Direct Payments:			
Community Development Block Grant Program, Entitlement Grants	14.218	1,345,938	
Boys & Girls Club			\$5,846
Lynchburg Community Action Group			2,209
Lynchburg Redevelopment and Housing Authority			226,588
Shelter Plus Care	14.238	98,615	
Lynchburg Redevelopment and Housing Authority			98,615
Home Investment Partnership Program	14.239	236,841	
Habitat for Humanity			93,060
Lynchburg Community Action Group			125,021
Department of Justice			
Direct Payments:			
Bulletproof Vest Partnership	16.607	24,923	
Passed through Commonwealth of Virginia:			
Department of Criminal Justice Services:			
Victim-Witness Services	16.575	200,813	
Violence Against Women Formula Grant	16.588	69,485	
Byrne Memorial Justice Assistance Grant	16.738	24,507	

(Continued)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016
(Continued)

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Federal Expenditures	Expenditures to Subrecipients
Department of Labor			
Passed through Commonwealth of Virginia:			
Virginia Community College System (VCCS):			
WIA Adult Program	17.258	\$319,784	\$319,784
WIA Youth Activities	17.259	386,308	386,308
WIA Dislocated Workers (after 7/1/10)	17.278	583,223	583,223
Department of Homeland Security			
Direct Payments:			
Transportation Security Administration:			
Airport LEO Cooperative Agreement	97.090	105,799	
Department of Transportation			
Direct Payments:			
Highway Planning and Construction	20.205	627,807	
Passed through Commonwealth of Virginia:			
Department of Motor Vehicles:			
Alcohol Impaired Driving Grants	20.600	50,380	
Environmental Protection Agency			
Passed through Commonwealth of Virginia:			
Virginia Resources Authority:			
Revolving Loan	66.458	557,966	
Federal Aviation Administration			
Direct Payments:			
Department of Aviation:			
Airport Improvement Program	20.106	264,831	
Federal Emergency Management Agency			
Direct Payments:			
Department of Homeland Security:			
Hazard Mitigation Grant	97.039	17,969	
Emergency Communications	97.042	22,073	
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083	115,641	
Passed through Commonwealth of Virginia:			
Department of Emergency Management:			
State Homeland Security Program Grant	97.067	52,542	
<u>Component Unit - Lynchburg Schools</u>			
Department of Agriculture			
Passed through Commonwealth of Virginia:			
Department of Education:			
National School Lunch Program	10.555	2,497,257	
National School Breakfast Program	10.553	1,126,792	
Fresh Fruits and Vegetables	10.582	147,335	

(Continued)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016
(Continued)

Federal Granting Agency/ Recipient State Agency/ Grant Program	Federal CFDA Number	Federal Expenditures	Expenditures to Subrecipients
Department of Education			
Passed through Commonwealth of Virginia:			
Title I - Educationally Deprived Children - LEA	84.010	\$3,192,008	
Title I - Neglected and Delinquent Children	84.013	2,579	
Elementary and Secondary Education Act (ESEA):			
Title IV-B - Elementary and Secondary Education Act of 1965	84.287	1,375,179	
Title VI-B - Special Education	84.027	2,276,447	
Special Education Preschool Grants	84.173	41,974	
English Language Acquisition Grants	84.365	16,585	
Title II - Part A Funds	84.367	500,209	
Vocational Education:			
Basic Grants to States	84.048	199,404	
McKenney - Vento Homeless Education Assistance Improvements Act of 2001:			
Title X-C - No Child Left Behind Act	84.000	16,713	
TOTAL		\$24,804,020	\$1,840,654
Donated Food Received			
Primary Government			
Department of Agriculture			
Passed through Commonwealth of Virginia:			
Department of Social Services:			
Juvenile Detention Home (Commodities)	10.555	\$1,784	
Opportunity House (Commodities)	10.555	648	
Sparc House (Commodities)	10.555	459	
Component Unit - Lynchburg Schools			
Department of Agriculture			
Passed through Commonwealth of Virginia:			
Department of Education:			
National School Lunch Program (Commodities)	10.555	262,790	
TOTAL		\$265,681	

CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
As of June 30, 2016

Note 1. Significant Accounting Policy

Basis of Accounting:

The accompanying schedule of federal awards is prepared on the modified accrual basis of accounting.

Note 2. Business Development Centre, Inc. – Revolving Loan Fund

The Centre administers the Economic Development Administration Special Economic Adjustment Assistance Revolving Loan Fund Program CFDA 11.307 (01-49-03245) on behalf of the City of Lynchburg. Loans under this program are subject to various restrictions as determined by the Economic Development Administration.

The Centre received the funds indicated as follows through the fiscal year ended June 30, 1998. No funds have been received since that date.

	Federal	State	Local
Amount received through June 30, 1993	\$ 45,000	\$ -	\$ 24,000
Amount received through June 30, 1994	127,836	-	33,612
Amount received through June 30, 1995	44,027	-	14,676
Amount received through June 30, 1996	108,201	-	36,067
Bad debt charge off for the year ended June 30, 1996	(3,005)	-	(1,002)
Amount received through June 30, 1997	10,268	-	3,423
Recapitalized from earnings for the year ended June 30, 1997	3,005	-	1,002
Amount received through June 30, 1998	159,668	40,000	13,222
	<u>\$ 495,000</u>	<u>\$ 40,000</u>	<u>\$ 125,000</u>

Note 3. Non-monetary Assistance

Non-monetary assistance is reported in the Schedule of Federal Awards at the fair market value of the food commodities.

CITY OF LYNCHBURG, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
As of June 30, 2016

Note 4. Subgrantees

The federal expenditures for the Community Development Block Grant, the Home Investment Trust, and the Workforce Investment Act Cluster programs include grants to subrecipients as follows:

Subrecipient	Community Development Block Grant	Home Investment Trust	Workforce Investment Act Cluster
Boys & Girls Club	\$ 5,846	\$ -	\$ -
Bluffwalk Section 108 Loan	176,589	-	-
City Administration	91,842	18,760	-
Coordinated Infrastructure Improvements (City)	360,695	-	-
Habitat for Humanity	-	93,060	-
Lynchburg Community Action Group	2,209	125,021	-
Lynchburg Redevelopment & Housing Authority	226,588	-	-
Region 2000 Local Governmental Council	-	-	1,289,315
Riverside Park Improvements	89,540	-	-
Tinbridge Hill Rehab	392,629	-	-
	<u>\$ 1,345,938</u>	<u>\$ 236,841</u>	<u>\$ 1,289,315</u>

Note 5. Program Income

Program income received in FY2016 totals \$67,208 which was received through the sale of properties and loan repayments. In accordance with terms of the Community Development Block Grant Program, program income totaling \$67,208 was used in FY2016 to reduce the amount of federal funds in conjunction with the program's objective.

Note 6. Virginia Revolving Loan Fund (CFDA 66.458)

At June 30, 2016, the City had an outstanding loan balance through the Virginia Revolving Loan Fund in the amount of \$104,998,049 which includes \$35,422,177 of federal funded loans. Expenditures associated with the federally funded loans totaled \$557,966 in FY2016.

CITY OF LYNCHBURG, VIRGINIA

Schedule of Passenger Facility Charges
As of June 30, 2016Passenger Facility Charges:

<u>Federal Agency/Program Name/Application Number</u>	<u>PFC Balance July 1, 2015</u>	<u>Adjustments</u>	<u>PFC Collected</u>	<u>Interest Earnings</u>	<u>Expenditures</u>	<u>PFC Balance June 30, 2016</u>
FEDERAL AVIATION ADMINISTRATION						
Passenger facility charges (12-06-C-00-LYH)	\$ 7,231	\$ -	\$ 317,503	\$ 438	\$ 321,694	\$ 3,478
	<u>\$ 7,231</u>	<u>\$ -</u>	<u>\$ 317,503</u>	<u>\$ 438</u>	<u>\$ 321,694</u>	<u>\$ 3,478</u>

SCHEDULE 3

Schedule of Expenditures of Passenger Facility Charges
As of June 30, 2016Expenditures of Passenger Facility Charges:

<u>Project</u>	<u>PFC Expenditures</u>
<u>Application 6 (12-06-C-00-LYH)</u>	
Local share reimbursement (non-AIP) PFC development and administrative costs	\$ 4,194
Local share reimbursement – “Local” expense	-
Local share reimbursement – “State Entitlements” expense	<u>317,500</u>
Total PFC expenditures	<u>\$ 321,694</u>

The accompanying schedule of expenditures of passenger facility charges includes the passenger facility charge activity of the City, and is presented on the cash basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in preparation of, the basic financial statements.

STATISTICAL SECTION

STATISTICAL SECTION

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial condition.

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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. 114-119

FINANCIAL TRENDS

Tables 1-12 contain trend information to help the reader understand how the City's financial performance and well-being have changed over the time. 120-133

REVENUE CAPACITY

Tables 13-18 contain information to help the reader assess the City's most significant local revenue sources, property taxes. 134-139

DEBT CAPACITY

Tables 19-22 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. 140-143

DEMOGRAPHIC AND ECONOMIC INDICATORS

Tables 23-24 offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 144-145

OPERATING INFORMATION

Tables 25-28 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. 146-149

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City of Lynchburg implemented GASB Statement 34 in FY 2002; schedules presenting government-wide information include information beginning in that year. The goal of future reporting is to include ten (10) years.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2016

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 1990 (1)	66,049
United States Census 2000 (1)	65,269
United States Census 2012 (1)	77,203
United States Census 2013 (1)	77,376
United States Census 2014 (1)	77,874
United States Census 2015 (1)	78,675

(1) Source: Weldon Cooper Center for Public Service,
www.coopercenter.org

FORM OF GOVERNMENT

Lynchburg is organized under the Council – Manager form of government. The City Council, comprised of seven members, is elected on either an at-large (3 members) or ward (4 members) representative basis for four-year staggered terms of office. From among the elected City Council members, they choose on or near July 1 of each election year by simple majority vote a Mayor, who serves a two-year term.

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

SEGREGATION OF TAXABLE SUBJECTS FOR LOCAL TAXATION ONLY

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

ASSESSMENTS

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

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

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2016
(Continued)

TAX RATES

The Commissioner of Revenue, as required by the *Code of Virginia*, assesses tangible personal property and machinery and tools. The City prorates personal property on a monthly basis.

Real Property:

- \$1.11 per \$100 assessed value: 2013-2016
- \$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: 2005-2016
- \$3.30 per \$100 assessed value: 1990-2004

Machinery and Tools:

- \$3.00 per \$100 assessed value: 1990-2016

Local Sales Tax:

- 1% + 4.3% VA tax: 2014-2016
- 1% + 4.0% VA tax: 2005-2013
- 1% + 3.5% VA tax: 1998-2004

Utility Consumers' Tax:

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

Business, Professional, and Occupational License:

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

Gross Receipts/Purchases	Business License Fee
\$0 - \$10,000	No Fee
\$10,000 - \$50,000	\$30.00
\$50,000 - \$100,000	\$50.00

- If gross receipts/purchases are greater than \$100,000 the following schedule is utilized:
 - Retail merchants – \$0.20 per \$100 of gross receipts
 - Contractors – \$0.16 per \$100 of gross receipts
 - Business/personal service – \$0.36 per \$100 of gross receipts
 - Professional service – \$0.58 per \$100 of gross receipts
 - Wholesale merchants – \$20.00 plus \$0.28 per \$100 of gross purchases

(Continued)

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2016
(Continued)

TAX RATES
(Continued)

Motor Vehicle License:

- \$29.50 for vehicles weighing 4,000 pounds or less: 2005-2016
- \$34.50 for vehicles weighing greater than 4,000 pounds: 2005-2016
- \$25.00 for all types of vehicles: 1990-2004

Tobacco Tax:

- \$0.35 on pack of twenty cigarettes: 2004-2016
- \$0.15 on pack of twenty cigarettes: 1990-2003

Lodging Tax:

- A tax of 5.5% of the charge made for each room rented per night. In FY2001, Lynchburg changed the lodging tax from 5.5% to 5.5% 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 FY2005, Lynchburg changed the meals tax from 6.0% to 6.5%.

Ambulance Services:

- Basic Life Services
 - Non-emergency transport fee - \$325
 - Emergency transport fee - \$425
- Advanced Life Support
 - Non-emergency transport fee - \$425
 - Emergency transport fee - \$500
 - Emergency transport fee if three or more different medications combined with at least one Advanced Life Support procedure are administered - \$700
- A fee of \$9/mile is charged for each mile that the patient is transported
- A fee of \$100 is charged when the patient is evaluated and treated by emergency medical services personnel when no transport occurs.

TAXES DUE

Real estate taxes are levied as of the first day of July each year. Supplemental real estate taxes are levied throughout the year to reflect construction in progress during the fiscal year. Real estate taxes are payable in four quarterly installments on November 15, January 15, March 15, and May 15. If paid thereafter, a 10% penalty and interest at the rate of 10% per annum is added.

Personal property taxes are payable in two equal installments on June 5 and December 5. Supplemental billings for personal property acquisitions are due March 5 and September 5.

DELINQUENT TAXES

Real estate and personal property taxes are reported delinquent the day after the due date. Therefore, the day after each installment due date, if the taxes are unpaid, they are considered delinquent.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2016
(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, and revised in 2016 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 10% of General Fund revenues. 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 minimum of 10% 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.

Enterprise Funds:

- **Water Fund:** Minimum ending fund balance shall not be less than 25% of total appropriations with a target balance of 40% of total fund appropriations. In the event the ending fund balance falls below the minimum of 25% of total fund appropriations, the City shall restore the fund balance to the minimum of 25% within three years.
- **Sewer Fund:** In accordance with the Virginia Department of Environmental Quality Special Order, the City shall annually adjust sewer system reserve funds to no more than 40% of the subsequent fiscal years’ budgeted operating expenses and debt service. Minimum ending fund balance shall not be less than 25% of total 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 appropriations with a target balance of 20% of total fund appropriations. In the event the ending fund balance falls below the minimum of 15% of total fund appropriations, the City shall restore the fund balance to the minimum of 15% within three years.

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2016
(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, and revised in 2016 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 and revised in 2016.

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 and Sewer, Airport, Stormwater, Children's Services Act, Lynchburg Regional Juvenile Detention Center, and Greater Lynchburg Transit Company Funds.

Third Quarter Review

In March, Budget staff will evaluate all expenditures and revenues as compared to budget and make recommendations to City Council regarding possible budget adjustments. Section 15.2-2507 of the *Code of Virginia* requires that a public hearing be held prior to City Council action when a proposed amendment of the budget exceeds one percent of the total expenditures shown in the currently adopted budget.

(Continued)

CITY OF LYNCHBURG, VIRGINIA
MISCELLANEOUS STATISTICAL DATA
June 30, 2016
(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 and reaffirmed in 2016, establishing specific requirements or limitations imposed upon the investment of Bond Proceeds, Debt Service Funds, and Debt Service Reserve Funds. It is the policy of the City of Lynchburg that the investment and administration of its funds be made in accordance with the *Code of Virginia* Investment of Public Funds Act, the applicable provisions of any outstanding bond indebtedness, and this policy. It is the intent of the City to be in complete compliance with all applicable federal, state, and local laws, and other regulations and statutes governing the investment of public funds. Within those parameters, the goal of this policy is to achieve the highest rate of return that is reasonable. The City will establish an Investment Committee consisting of the City Manager, Deputy City Manager, and Director of Financial Services. This Committee will provide broad policy oversight over investments. This policy will be reviewed on an annual basis. Any changes must be approved by the Investment Committee and be reaffirmed by City Council.

**NET POSITION BY COMPONENT,
LAST TEN FISCAL YEARS**
(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 139,856,317	\$ 143,158,392	\$ 155,791,105	\$ 161,777,277	\$ 164,804,823	\$ 166,830,517	\$ 175,165,215	\$ 183,957,611	\$ 192,860,159	\$ 210,809,815
Restricted	-	19,975,370	20,149,056	18,733,893	23,708,274	18,760,659	16,805,325	15,935,153	9,483,640	4,879,215
Unrestricted	56,819,180	58,219,507	64,928,380	65,970,506	61,798,935	71,824,701	73,963,009	69,801,835	(20,298,752)	(26,991,866)
Total governmental activities net position	<u>\$ 196,675,497</u>	<u>\$ 221,353,269</u>	<u>\$ 240,868,541</u>	<u>\$ 246,481,676</u>	<u>\$ 250,312,032</u>	<u>\$ 257,415,877</u>	<u>\$ 265,933,549</u>	<u>\$ 269,694,599</u>	<u>\$ 182,045,047</u>	<u>\$ 188,697,164</u>
Business-type activities										
Net investment in capital assets	\$ 134,385,674	\$ 146,157,075	\$ 152,089,577	\$ 167,081,709	\$ 180,332,606	\$ 182,791,158	\$ 189,456,676	\$ 196,909,298	\$ 205,192,151	\$ 209,526,622
Restricted	1,765	4,708	8,786	5,213	10,312	119,534	25,193	8,433	7,231	3,478
Unrestricted	35,582,153	33,515,192	18,461,675	20,419,761	18,709,510	19,388,092	19,764,741	20,968,416	10,828,849	16,266,676
Total business-type activities net position	<u>\$ 169,969,592</u>	<u>\$ 179,676,975</u>	<u>\$ 170,560,038</u>	<u>\$ 187,506,683</u>	<u>\$ 199,052,428</u>	<u>\$ 202,298,784</u>	<u>\$ 209,246,610</u>	<u>\$ 217,886,147</u>	<u>\$ 216,028,231</u>	<u>\$ 225,796,776</u>
Primary government										
Net investment in capital assets	\$ 274,241,991	\$ 289,315,467	\$ 307,880,682	\$ 328,858,986	\$ 345,137,429	\$ 349,621,675	\$ 364,621,891	\$ 380,866,909	\$ 398,052,310	\$ 420,336,437
Restricted	1,765	19,980,078	20,157,842	18,739,106	23,718,586	18,880,193	16,830,518	15,943,586	9,490,871	4,882,693
Unrestricted	92,401,333	91,734,699	83,390,055	86,390,267	80,508,445	91,212,793	93,727,750	90,770,251	(9,469,903)	(10,725,190)
Total primary government net position	<u>\$ 366,645,089</u>	<u>\$ 401,030,244</u>	<u>\$ 411,428,579</u>	<u>\$ 433,988,359</u>	<u>\$ 449,364,460</u>	<u>\$ 459,714,661</u>	<u>\$ 475,180,159</u>	<u>\$ 487,580,746</u>	<u>\$ 398,073,278</u>	<u>\$ 414,493,940</u>

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	\$ 12,148,875	\$ 13,397,520	\$ 14,572,569	\$ 14,710,937	\$ 13,623,646	\$ 14,209,838	\$ 15,116,426	\$ 13,291,661	\$ 13,675,189	\$ 14,564,945
Judicial	5,471,591	5,626,570	5,707,528	5,633,105	6,329,475	6,546,970	6,406,888	6,518,627	6,245,737	6,294,658
Public Safety	40,397,195	43,152,656	43,233,506	42,794,498	44,365,150	44,743,484	47,390,090	48,816,945	48,732,161	48,490,912
Public Works	19,643,233	21,511,617	28,957,020	26,790,420	25,504,881	25,535,985	26,539,357	29,261,348	24,846,090	26,656,472
Health and Human Services	23,439,351	27,078,262	26,097,589	24,935,622	24,577,656	24,620,381	25,274,269	25,805,934	27,317,037	28,802,640
Culture and Recreation	9,432,337	10,247,701	10,364,636	9,852,641	10,247,781	8,413,428	8,503,945	9,001,804	9,771,210	10,090,164
Community Development	6,759,110	5,284,797	4,974,659	5,024,903	5,490,368	7,757,830	5,076,676	6,730,055	6,742,294	7,764,713
Education	33,539,288	36,727,401	35,807,016	33,876,792	35,171,968	36,667,051	40,568,308	42,640,199	42,608,354	52,163,773
Interest Payments and Fiscal Charges	5,444,098	5,821,141	5,605,088	6,286,182	5,625,344	5,481,482	5,005,302	4,721,429	6,317,148	7,012,279
Issuance Costs	-	216,051	-	483,236	170,210	28,450	29,815	204,180	875,409	268,267
Total governmental activities expenses	156,275,078	169,063,716	175,319,611	170,388,336	171,106,479	174,004,899	179,911,076	186,992,182	187,130,629	202,108,823
Business-type activities:										
Solid Waste Management	6,436,950	8,240,113	206,551	-	-	-	-	-	-	-
Stormwater (1)	-	-	-	-	-	-	2,038,265	2,542,077	1,988,044	2,250,406
Airport	3,545,346	3,882,343	4,062,502	4,308,441	4,374,509	4,394,934	4,151,032	4,370,888	4,572,562	4,590,497
Water	9,846,038	11,406,440	11,274,496	12,600,109	12,231,617	11,881,318	12,822,767	12,867,800	13,192,403	14,392,767
Sewer	12,757,627	14,431,645	14,976,951	15,069,642	15,889,515	16,705,588	16,195,043	17,350,599	18,408,180	19,032,652
Total business-type activities expenses	32,585,961	37,960,541	30,520,500	31,978,192	32,495,641	32,981,840	35,207,107	37,131,364	38,161,189	40,266,322
Total primary government expenses	\$ 188,861,039	\$ 207,024,257	\$ 205,840,111	\$ 202,366,528	\$ 203,602,120	\$ 206,986,739	\$ 215,118,183	\$ 224,123,546	\$ 225,291,818	\$ 242,375,145

(1)The Stormwater fund was created in FY2013.

(Continued)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues (see Table 3)										
Governmental Activities:										
Charges for services:										
General government	\$ 398,188	\$ 556,888	\$ 548,729	\$ 437,468	\$ 424,127	\$ 523,344	\$ 530,988	\$ 460,961	\$ 505,564	\$ 521,930
Judicial	730,625	716,313	737,613	846,930	686,417	781,941	917,900	816,341	785,268	807,987
Public safety	5,398,675	5,059,318	4,104,152	4,452,849	5,343,055	5,875,575	6,090,401	6,629,609	6,419,638	6,566,743
Public works	98,025	198,841	993,935	989,613	786,813	813,474	1,711,835	1,806,816	1,304,063	1,310,028
Health and human services	1,817,260	2,458,875	2,385,901	2,037,083	2,364,654	2,462,151	2,631,082	2,503,303	2,452,554	2,817,336
Cultural and Recreational	1,888,695	1,916,356	2,126,732	2,069,822	2,092,744	647,929	660,626	684,094	776,379	860,612
Community development	887,401	916,926	600,480	544,603	340,847	622,156	936,595	2,422,730	1,172,941	1,352,602
Operating Grants and Contributions	33,925,919	36,346,157	32,423,390	29,398,177	29,639,955	30,194,337	39,851,381	40,032,827	42,055,609	43,418,231
Capital Grants and Contributions	2,217,419	24,914,181	12,940,905	13,954,135	11,833,437	11,546,586	4,320,470	2,407,771	1,516,624	12,039,460
Total governmental activities program services	47,362,207	73,083,855	56,861,837	54,730,680	53,512,049	53,467,493	57,651,278	57,764,452	56,988,640	69,694,929
Business-type activities:										
Charges for services:										
Solid Waste Management	7,276,645	6,313,555	-	-	-	-	-	-	-	-
Stormwater	-	-	-	-	-	-	3,355,267	3,124,545	3,268,776	3,209,504
Airport	1,848,109	1,839,685	1,967,871	2,152,132	2,093,668	2,011,159	2,124,073	2,235,749	2,254,531	2,446,873
Water	10,397,780	11,269,882	11,705,595	12,029,026	12,462,594	12,314,865	12,985,275	13,478,920	14,703,923	14,811,555
Sewer	16,040,587	17,861,892	17,716,586	18,536,169	18,023,990	18,520,421	18,913,651	19,763,592	20,216,758	21,264,506
Operating Grants and Contributions	398,850	406,261	178,948	203,659	202,704	158,129	951,522	810,040	417,601	409,592
Capital Grants and Contributions	8,918,563	7,490,370	4,826,469	15,197,159	10,563,426	2,007,777	2,827,806	5,697,350	6,601,428	7,416,609
Total business-type activities program revenues	44,880,534	45,181,645	36,395,469	48,118,145	43,346,382	35,012,351	41,157,594	45,110,196	47,463,017	49,558,639
Total primary government program revenues	\$ 92,242,741	\$ 118,265,500	\$ 93,257,306	\$ 102,848,825	\$ 96,858,431	\$ 88,479,844	\$ 98,808,872	\$ 102,874,648	\$ 104,451,657	\$ 119,253,568
Net (Expense) Revenue										
Governmental Activities	\$ (108,912,871)	\$ (95,979,861)	\$ (118,457,774)	\$ (115,657,656)	\$ (117,594,430)	\$ (120,537,406)	\$ (122,259,798)	\$ (129,227,730)	\$ (130,141,989)	\$ (132,413,894)
Business-type Activities	12,294,573	7,221,104	5,874,969	16,139,953	10,850,741	2,030,511	5,950,487	7,978,832	9,301,828	9,292,317
Total Primary Government Net Expenses	\$ (96,618,298)	\$ (88,758,757)	\$ (112,582,805)	\$ (99,517,703)	\$ (106,743,689)	\$ (118,506,895)	\$ (116,309,311)	\$ (121,248,898)	\$ (120,840,161)	\$ (123,121,577)

(Continued)

TABLE 2
(Continued)

CITY OF LYNCHBURG, VIRGINIA

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 57,241,907	\$ 63,187,947	\$ 65,185,656	\$ 67,786,672	\$ 69,849,510	\$ 70,054,855	\$ 74,446,360	\$ 74,994,389	\$ 75,714,767	\$ 77,654,736
Local sales and use taxes	14,481,096	14,266,750	13,056,829	12,675,632	13,290,563	13,440,973	13,589,747	13,842,292	15,006,326	14,995,131
Meals taxes	10,000,796	10,326,953	10,477,061	10,477,700	10,975,580	11,658,371	11,916,522	12,549,321	13,756,602	14,188,513
Consumer utility taxes	5,835,367	4,793,431	4,739,261	4,700,202	4,692,477	4,475,316	4,628,647	4,738,343	4,575,492	4,660,389
Business license taxes	7,922,666	8,010,597	7,913,270	7,818,381	7,263,543	7,885,841	8,057,554	8,580,699	8,219,996	8,826,486
Communications sales and use taxes	1,669,968	3,893,158	3,537,283	3,552,028	3,534,449	3,462,621	3,471,805	3,412,734	3,382,915	3,282,767
Other taxes	6,697,407	5,827,855	5,719,878	6,070,900	6,377,684	7,299,554	5,823,989	6,638,042	6,785,275	6,862,577
Unrestricted intergovernmental	9,687,718	6,227,484	5,601,254	5,576,232	5,418,525	5,940,422	6,052,604	6,240,433	6,223,664	6,291,034
Interest	3,082,813	3,522,533	1,716,449	794,471	601,999	438,375	201,735	295,656	312,688	477,313
IRS interest subsidy - Build America Bonds	-	-	-	283,891	146,839	293,680	293,680	270,332	272,388	272,975
Miscellaneous	1,919,538	1,026,286	3,827,687	1,683,037	1,498,803	1,162,435	1,606,926	1,480,036	2,141,167	1,374,166
Transfers	11,134	(577,893)	16,198,418	(261,260)	(259,950)	(417,961)	(336,330)	(218,809)	(60,658)	-
Gain (Loss) on sale of assets	-	152,532	-	112,905	95,976	73,749	1,024,231	165,312	324,443	179,924
Total governmental activities	118,550,410	120,657,633	137,973,046	121,270,791	123,485,998	125,768,231	130,777,470	132,988,780	136,655,065	139,066,011
Business-type activities:										
Interest	2,382,245	1,784,508	825,779	207,953	206,665	210,782	108,977	132,701	96,910	136,484
IRS interest subsidy - Build America Bonds	-	-	-	287,632	148,776	297,551	297,550	273,896	275,978	276,573
Miscellaneous	92,880	123,878	297,033	49,847	79,613	148,571	45,232	22,332	22,966	56,305
Transfers	(11,134)	577,893	(16,198,418)	261,260	259,950	-	336,330	218,809	60,658	-
Gain (loss) on sale of assets	-	-	83,700	-	-	417,961	209,250	12,967	9,825	6,866
Total business-type activities	2,463,991	2,486,279	(14,991,906)	806,692	695,004	1,074,865	997,339	660,705	466,337	476,228
Total primary government	\$ 121,014,401	\$ 123,143,912	\$ 122,981,140	\$ 122,077,483	\$ 124,181,002	\$ 126,843,096	\$ 131,774,809	\$ 133,649,485	\$ 137,121,402	\$ 139,542,239
Changes in Net Position										
Governmental activities	\$ 9,637,539	\$ 24,677,772	\$ 19,515,272	\$ 5,613,135	\$ 5,891,568	\$ 5,230,825	\$ 8,517,672	\$ 3,761,050	\$ 6,513,076	\$ 6,652,117
Business-type activities	14,758,564	9,707,383	(9,116,937)	16,946,645	11,545,745	3,105,376	6,947,826	8,639,537	9,768,165	9,768,545
Total primary government	\$ 24,396,103	\$ 34,385,155	\$ 10,398,335	\$ 22,559,780	\$ 17,437,313	\$ 8,336,201	\$ 15,465,498	\$ 12,400,587	\$ 16,281,241	\$ 16,420,662

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program										
Governmental Activities:										
General Government	\$ 734,876	\$ 942,144	\$ 900,082	\$ 784,656	\$ 733,374	\$ 842,476	\$ 842,595	\$ 772,920	\$ 822,568	\$ 6,315,850
Judicial	3,978,858	4,477,871	4,319,914	4,434,426	4,405,123	4,685,775	4,369,390	4,705,330	4,556,364	4,613,026
Public Safety	8,489,027	11,106,642	11,638,433	10,221,136	11,507,560	10,901,882	12,249,088	12,655,192	12,043,156	12,167,299
Public Works	9,143,028	31,409,029	13,461,837	14,184,338	12,761,729	13,637,579	16,225,091	13,736,037	13,462,198	18,900,766
Health and Human Services	17,439,083	20,030,396	20,093,434	19,645,184	19,710,295	19,756,196	20,786,993	21,009,420	22,626,330	23,708,853
Culture and Recreation	2,125,708	2,117,677	2,332,948	2,266,212	2,335,925	842,913	932,261	1,335,292	1,010,645	1,153,738
Community Development	3,239,533	2,134,843	3,322,867	2,217,737	2,027,021	2,445,719	2,216,576	3,550,261	2,467,379	2,755,042
Education	2,212,094	865,253	792,322	976,991	31,022	354,953	29,284	-	-	80,355
Subtotal governmental activities	47,362,207	73,083,855	56,861,837	54,730,680	53,512,049	53,467,493	57,651,278	57,764,452	56,988,640	69,694,929
Business-type activities:										
Solid Waste Management (1)	7,478,380	6,517,869	-	-	-	-	-	-	-	-
Stormwater (2)	-	-	-	-	-	-	4,005,267	3,774,545	3,543,776	3,484,504
Airport	10,159,028	7,283,243	2,889,032	4,917,589	4,331,554	3,452,187	5,046,920	5,214,040	5,786,312	5,163,799
Water	10,397,780	11,269,882	11,705,595	12,029,026	12,462,594	12,338,865	13,067,064	13,492,023	14,708,923	15,174,472
Sewer	16,845,346	20,110,651	21,800,842	31,171,530	26,552,234	19,221,299	19,038,343	22,629,588	23,424,006	25,735,864
Subtotal business-type activities	44,880,534	45,181,645	36,395,469	48,118,145	43,346,382	35,012,351	41,157,594	45,110,196	47,463,017	49,558,639
Total primary government	\$ 92,242,741	\$ 118,265,500	\$ 93,257,306	\$ 102,848,825	\$ 96,858,431	\$ 88,479,844	\$ 98,808,872	\$ 102,874,648	\$ 104,451,657	\$ 119,253,568

(1) The Solid Waste Management fund was closed during FY2009.

(2) The Stormwater fund was created in FY2013.

CITY OF LYNCHBURG, VIRGINIA

TABLE 4

FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Pre-GASB 54					
	2007	2008	2009	2010		
General Fund						
Reserved	\$ 1,236,149	\$ 2,406,773	\$ 719,850	\$ 1,457,305		
Unreserved	31,541,207	32,158,992	36,459,043	44,287,091		
Total General Fund	<u>\$ 32,777,356</u>	<u>\$ 34,565,765</u>	<u>\$ 37,178,893</u>	<u>\$ 45,744,396</u>		
All Other Governmental Funds						
Reserved	\$ 5,430,322	\$ 44,832,256	\$ 31,264,091	\$ 9,752,227		
Unreserved, reported in:						
Special revenue funds	3,219,576	1,082,960	4,263,967	4,265,193		
Capital projects funds	13,985,011	6,697,269	11,646,868	31,943,779		
Total All Other Governmental Funds	<u>\$ 22,634,909</u>	<u>\$ 52,612,485</u>	<u>\$ 47,174,926</u>	<u>\$ 45,961,199</u>		
	Post-GASB 54					
	2011	2012	2013	2014	2015	2016
General Fund						
Committed	\$ 13,707,762	\$ 13,992,915	\$ 14,610,825	\$ 15,237,982	\$ 14,803,075	\$ 12,139,666
Assigned	4,077,230	5,574,299	3,128,072	5,029,549	6,118,051	5,232,752
Unassigned	29,215,575	28,835,650	31,675,248	33,878,501	32,089,924	25,589,098
Total General Fund	<u>\$ 47,000,567</u>	<u>\$ 48,402,864</u>	<u>\$ 49,414,145</u>	<u>\$ 54,146,032</u>	<u>\$ 53,011,050</u>	<u>\$ 42,961,516</u>
All Other Governmental Funds						
Nonspendable	\$ 500,000	\$ 500,000	\$ 450,000	\$ 400,000	\$ 350,000	\$ 300,000
Restricted	23,708,274	18,760,659	16,805,325	15,935,152	9,483,641	4,879,215
Committed	18,396,943	21,518,899	17,761,570	13,852,139	68,602,388	52,840,854
Assigned	121,599	126,818	100,000	100,012	100,012	100,012
Unassigned	(539,488)	(257,944)	(257,945)	-	(50,067)	-
Total All Other Governmental Funds	<u>\$ 42,187,328</u>	<u>\$ 40,648,432</u>	<u>\$ 34,858,950</u>	<u>\$ 30,287,303</u>	<u>\$ 78,485,974</u>	<u>\$ 58,120,081</u>

Note: Six years of data is available for GASB 34 compliance. Four years of data is available for GASB 54 compliance.
GASB 54 was adopted in FY2011.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$102,976,887	\$110,668,029	\$110,330,014	\$112,551,637	\$115,044,676	\$116,760,078	\$122,436,720	\$125,237,029	\$127,770,651	\$130,022,195
Regulatory licenses, permits and privilege fees	887,272	849,742	650,514	664,028	683,712	916,546	991,098	1,068,270	1,000,222	1,108,694
Intergovernmental	45,511,572	67,254,109	50,772,908	48,877,101	46,663,521	47,320,286	50,245,714	48,326,225	49,874,673	55,070,162
Fines and forfeitures	581,986	586,661	612,595	667,756	598,424	721,839	726,438	634,485	637,417	570,242
Revenue from use of money and property	4,438,852	4,843,948	3,113,910	2,177,785	1,962,064	749,017	506,030	702,100	820,000	1,051,355
Charges for services	10,480,891	11,155,656	11,782,655	11,846,063	11,977,908	11,467,834	13,687,367	15,916,305	14,365,457	14,484,302
Miscellaneous	2,019,557	1,035,977	2,317,772	2,281,001	1,863,720	1,828,931	2,863,553	2,516,916	2,807,317	3,033,445
Total revenues	166,897,017	196,394,122	179,580,368	179,065,371	178,794,025	179,764,531	191,456,920	194,401,330	197,275,737	205,340,395
Expenditures										
General government	14,284,594	14,978,175	16,046,197	16,125,721	15,157,924	15,499,218	16,130,210	14,289,462	16,152,572	16,255,049
Judicial	5,279,455	5,359,727	5,478,171	5,347,422	5,553,219	5,790,132	5,767,935	5,758,228	5,717,080	5,654,176
Public Safety	38,394,220	40,564,072	41,723,778	40,379,295	42,216,297	42,427,687	46,421,193	46,660,711	48,818,343	48,233,548
Public Works	13,054,801	14,583,441	22,154,990	18,834,896	17,746,056	17,681,810	19,474,530	22,150,384	18,097,502	19,790,108
Health and human services	22,886,119	26,320,281	25,693,662	24,400,078	23,992,172	24,172,488	25,059,481	25,328,758	27,443,758	28,554,889
Cultural and recreational	8,753,747	9,197,360	9,496,115	8,915,422	9,114,228	7,383,687	7,672,890	7,611,982	8,821,557	8,928,603
Community development	6,716,287	5,097,359	4,990,958	5,200,664	5,507,839	7,734,642	5,072,557	6,519,328	6,681,436	7,623,841
Education (1)	30,330,939	33,170,354	32,191,853	29,472,854	30,343,130	31,830,468	35,590,981	36,856,139	37,562,551	42,897,772
Capital Outlay										
Capital general government (2)	14,285,864	14,477,202	33,101,444	37,055,272	12,891,432	10,688,906	14,864,174	22,238,043	53,408,143	56,618,269
Debt Services										
Principal Retirement	8,428,304	8,400,119	8,582,070	17,214,799	10,872,412	10,119,044	10,103,234	9,689,223	10,296,872	10,134,827
Interest payments and other fiscal charges	5,113,526	5,519,494	5,455,250	5,619,800	5,671,296	5,399,200	4,985,875	4,683,175	7,435,810	7,306,428
Issuance costs	-	216,051	-	483,236	170,210	28,450	29,815	204,180	875,409	268,267
Total expenditures	167,527,856	177,883,635	204,914,488	209,049,459	179,236,215	178,755,732	191,172,875	201,989,613	241,311,033	252,265,777
Excess (deficiency) of revenues over expenditures	(630,839)	18,510,487	(25,334,120)	(29,984,088)	(442,190)	1,008,799	284,045	(7,588,283)	(44,035,296)	(46,925,382)
Other financing sources (uses)										
Proceeds from debt issues	-	16,788,389	6,156,611	36,180,000	-	-	-	-	83,225,000	15,680,000
Premium on debt proceeds	-	167,163	-	993,827	-	-	-	-	7,792,446	1,505,630
Discount on debt proceeds	-	-	-	(959,560)	-	-	-	-	-	-
Issuance of refunding bonds	-	4,824,128	-	6,103,649	18,591,517	-	4,129,625	8,000,638	23,292,975	7,243,402
Refunded bond principal payments	-	(4,756,894)	-	-	-	-	-	-	-	-
Premium on refunding debt issuance	-	-	-	-	-	-	-	-	-	909,464
Payments to escrow agent	-	-	-	(6,046,285)	(18,397,260)	-	(4,129,625)	-	(23,114,836)	(8,065,760)
Capital contributions	-	-	-	-	-	-	(4,725,916)	-	-	-
Transfers in	14,494,290	7,790,103	25,197,199	5,962,962	10,739,030	11,057,987	9,560,807	9,978,763	11,606,390	15,442,682
Transfers out	(16,995,849)	(11,557,391)	(8,844,121)	(4,898,729)	(10,947,585)	(12,203,385)	(9,897,137)	(10,230,878)	(11,702,990)	(16,205,463)
Total other financing sources (uses)	(2,501,559)	13,255,498	22,509,689	37,335,864	(14,298)	(1,145,398)	(5,062,246)	7,748,523	91,098,985	16,509,955
Net change in fund balances	<u>\$ (3,132,398)</u>	<u>\$ 31,765,985</u>	<u>\$ (2,824,431)</u>	<u>\$ 7,351,776</u>	<u>\$ (456,488)</u>	<u>\$ (136,599)</u>	<u>\$ (4,778,201)</u>	<u>\$ 160,240</u>	<u>\$ 47,063,689</u>	<u>\$ (30,415,427)</u>
Debt Service as a percentage of noncapital expenditures (3)	8.84%	8.52%	8.17%	13.28%	9.95%	9.23%	8.56%	8.00%	9.44%	8.91%

(1) Education was included in transfers to component units prior to FY2003

(2) Beginning with restating FY2006, 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.

(3) 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	\$ 102,480,268	\$ 110,636,590	\$ 110,297,053	\$ 112,519,658	\$ 115,009,873	\$ 116,760,078	\$ 122,436,720	\$ 125,237,029	\$ 127,770,651	\$ 130,022,195
Regulatory licenses, permits, and privilege fees	887,272	849,742	650,514	664,028	683,712	916,546	991,098	1,068,270	1,000,222	1,108,694
Intergovernmental	31,311,980	33,410,321	33,646,195	33,239,946	33,199,440	35,030,474	33,669,141	34,333,156	34,604,123	36,644,986
Fines & forfeitures	581,986	586,661	612,595	667,756	598,424	721,839	726,438	634,485	637,417	570,242
Revenues from use of money & property	3,377,730	3,308,104	1,403,024	995,450	840,217	690,069	437,531	640,544	697,756	916,257
Charges for services	7,083,847	7,198,099	7,593,070	7,905,479	7,907,113	7,676,012	9,949,886	10,555,494	10,750,591	10,356,244
Miscellaneous	387,005	452,272	1,168,236	1,132,221	945,324	871,056	1,097,217	1,150,545	1,154,870	1,234,853
Total revenues	146,110,088	156,441,789	155,370,687	157,124,538	159,184,103	162,666,074	169,308,031	173,619,523	176,615,630	180,853,471
Expenditures:										
Current operating expenditures:										
General government	14,111,441	14,561,922	15,808,721	15,896,808	15,453,014	15,908,597	16,408,318	14,507,532	16,298,894	16,490,338
Judicial	4,182,946	4,423,005	4,457,959	4,342,042	4,426,215	4,421,907	4,650,024	4,655,974	4,696,403	4,788,676
Public safety	34,640,217	36,703,695	36,981,993	36,756,234	38,405,071	38,845,495	42,026,411	42,455,002	44,421,121	44,391,282
Public works	11,565,845	11,257,662	17,209,120	14,432,901	15,139,289	14,436,170	15,547,537	16,403,344	14,600,543	16,009,423
Health and human services	16,577,034	18,890,171	19,126,038	18,532,152	18,713,485	18,268,410	18,905,329	19,184,011	19,825,954	21,018,515
Cultural & recreational	7,287,216	7,691,627	7,794,603	7,311,064	7,397,754	7,383,687	7,560,762	7,479,777	8,558,412	8,394,652
Community development	4,034,373	3,936,251	3,730,495	3,604,356	3,883,971	3,930,173	3,504,251	4,283,676	4,819,261	4,590,547
Education	30,418,183	32,932,233	32,150,370	29,443,654	30,310,602	31,696,712	35,308,205	35,709,226	36,389,604	42,691,567
Debt service:										
Principal retirements	7,702,865	7,812,969	8,152,512	16,708,675	10,354,910	9,706,899	9,693,099	9,359,924	9,959,146	9,837,962
Interest payments and other fiscal charges	4,794,314	5,212,231	5,121,995	5,307,936	5,380,142	5,225,436	4,829,728	4,544,745	7,276,813	7,281,382
Issuance costs	-	127,866	-	186,536	162,757	28,450	29,815	204,180	443,933	171,746
Total expenditures	135,314,434	143,549,632	150,533,806	152,522,358	149,627,210	149,851,936	158,463,479	158,787,391	167,290,084	175,666,090
Excess (deficiency) of revenues over expenditures	10,795,654	12,892,157	4,836,881	4,602,180	9,556,893	12,814,138	10,844,552	14,832,132	9,325,546	5,187,381
Other financing sources (uses):										
Issuance of bonds	-	69,980	-	7,082,817	-	-	-	57,468	412,470	83,298
Premium on debt proceeds	-	-	-	540,631	-	-	-	-	-	-
Issuance of refunding bonds	-	4,106,224	-	5,929,460	16,605,512	-	4,129,625	-	22,823,100	8,152,866
Refunded bond principal payments	-	(4,048,996)	-	-	-	-	-	-	-	-
Payments to escrow agent	-	-	-	(5,872,800)	(16,418,708)	-	(4,129,625)	-	(22,647,772)	(8,065,760)
Transfers in	126,333	26,150	6,450,066	464,020	546,826	283,272	18,524	4,761	325,036	366,572
Transfers out	(15,241,180)	(11,257,106)	(8,673,819)	(4,180,805)	(10,170,259)	(11,695,113)	(9,851,795)	(10,162,474)	(11,373,362)	(15,773,891)
Total other financing sources (uses)	(15,114,847)	(11,103,748)	(2,223,753)	3,963,323	(9,436,629)	(11,411,841)	(9,833,271)	(10,100,245)	(10,460,528)	(15,236,915)
Net changes in fund balances	(4,319,193)	1,788,409	2,613,128	8,565,503	120,264	1,402,297	1,011,281	4,731,887	(1,134,982)	(10,049,534)
Fund balance - beginning, as restated (1)	37,096,549	32,777,356	34,565,765	37,178,893	46,880,303	47,000,567	48,402,864	49,414,145	54,146,032	53,011,050
Fund balance - ending	\$ 32,777,356	\$ 34,565,765	\$ 37,178,893	\$ 45,744,396	\$ 47,000,567	\$ 48,402,864	\$ 49,414,145	\$ 54,146,032	\$ 53,011,050	\$ 42,961,516

(1) Beginning fund balance restated as of June 30, 2006 and June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report, June 30, 2007 and June 30, 2011.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Intergovernmental	\$ 78,033,072	\$ 82,325,106	\$ 86,283,375	\$ 82,233,197	\$ 71,983,645	\$ 74,046,427	\$ 78,946,545	\$ 80,213,734	\$ 84,423,859	\$ 89,797,227
Revenue from use of money & property	31,600	34,279	6,748	1,314	527	136	106	-	-	-
Charges for services	1,344,909	1,380,153	1,367,940	1,228,196	1,504,368	1,556,187	1,468,451	1,471,332	1,169,484	1,491,359
Miscellaneous	159,662	208,542	111,542	230,075	804,264	1,197,197	590,372	520,942	726,730	1,365,368
Total revenues	79,569,243	83,948,080	87,769,605	83,692,782	74,292,804	76,799,947	81,005,474	82,206,008	86,320,073	92,653,954
Expenditures:										
Education:										
Instruction	60,849,179	63,943,555	66,182,342	61,342,226	54,022,173	54,189,572	57,096,206	57,686,592	61,909,077	65,839,840
Administration, attendance, and health	2,821,351	4,301,683	4,962,843	4,069,394	3,820,833	3,767,196	4,193,846	5,581,280	4,865,032	5,426,428
Pupil transportation services	4,112,219	4,698,221	4,122,671	3,508,602	3,786,131	4,418,735	4,661,286	4,690,144	4,828,845	4,762,678
Operations and maintenance	10,086,015	9,876,043	10,336,820	9,885,883	9,347,596	9,287,310	9,643,581	9,497,568	10,665,930	10,485,381
Food service and other	-	-	528	-	-	-	5,633	16,087	24,670	21,358
Facilities	-	-	55,414	64,784	48,403	40,563	87,879	20,365	10,163	14,825
Technology	-	-	-	2,048,301	2,037,654	2,362,774	2,049,937	3,244,460	3,525,049	3,230,426
Capital outlay	1,373,409	1,779,204	1,942,808	1,683,684	709,526	1,999,266	3,253,181	862,639	742,418	2,813,555
Debt service:										
Principal retirements	867,874	834,058	947,970	920,908	642,489	480,697	264,931	109,353	-	-
Interest payments	80,702	93,842	89,419	72,838	44,389	22,256	8,261	970	-	-
Total expenditures	80,190,749	85,526,606	88,640,815	83,596,620	74,459,194	76,568,369	81,264,741	81,709,458	86,571,184	92,594,491
Excess (deficiency) of revenues over expenditures	(621,506)	(1,578,526)	(871,210)	96,162	(166,390)	231,578	(259,267)	496,550	(251,111)	59,463
Other financing sources (uses):										
Capital lease proceeds	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	(433,046)	(23,726)	-	(26,655)	-	-	-
Total other financing sources (uses)	1,000,000	1,000,000	1,000,000	(433,046)	(23,726)	-	(26,655)	-	-	-
Net change in fund balances	378,494	(578,526)	128,790	(336,884)	(190,116)	231,578	(285,922)	496,550	(251,111)	59,463
Fund balance - beginning, as restated	863,181	1,241,675	663,149	791,939	455,055	264,939	496,517	210,595	707,145	456,034
Fund balance - ending	\$ 1,241,675	\$ 663,149	\$ 791,939	\$ 455,055	\$ 264,939	\$ 496,517	\$ 210,595	\$ 707,145	\$ 456,034	\$ 515,497

**COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
SOLID WASTE MANAGEMENT FUND (1)
FINAL THREE FISCAL YEARS**

	Fiscal Year		
	2007	2008	2009
Operating revenues:			
Charges for services and other operating revenues	\$ 7,276,645	\$ 6,313,555	\$ -
Total operating revenues	7,276,645	6,313,555	-
Operating expenses:			
Personal services and benefits	1,836,677	1,735,135	-
Operation and maintenance	789,615	1,182,370	-
Supplies and materials	915,039	809,041	-
Administration	809,909	752,468	-
Landfill closure and postclosure care	492,408	1,404,613	-
Other charges	62,399	58,990	-
Depreciation	770,892	1,523,214	-
Total operating expenses	5,676,939	7,465,831	-
Operating income (loss)	1,599,706	(1,152,276)	-
Nonoperating revenues (expenses):			
Interest income	788,040	714,888	363,207
Governmental grants	201,735	204,314	-
Miscellaneous	65,594	81,774	889
Gain (loss) on disposition of assets	(12,540)	(805)	83,700
Interest on long-term debt	(238,168)	(243,528)	(118,078)
Total nonoperating revenues (expenses)	804,661	756,643	329,718
Income before contributions and transfers	2,404,367	(395,633)	329,718
Transfers in	732,529	1,572,529	-
Transfers out	(582,000)	(813,500)	(16,494,268)
Change in net assets	2,554,896	363,396	(16,164,550)
Total net assets - beginning	13,246,258	15,801,154	-
Ending net assets:			
Invested in capital assets, net of related debt	2,543,907	4,399,040	-
Restricted	-	-	-
Unrestricted	13,257,247	11,765,510	-
Total net assets - ending	\$ 15,801,154	\$ 16,164,550	\$ -

(1) In FY 2009 the Solid Waste Management Fund was closed.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating revenues:										
Charges for services and other operating revenues	\$ 10,397,780	\$ 11,269,882	\$ 11,705,595	\$ 12,029,026	\$ 12,462,594	\$ 12,314,865	\$ 12,985,275	\$ 13,478,920	\$ 14,703,923	\$ 14,811,555
Total operating revenues	10,397,780	11,269,882	11,705,595	12,029,026	12,462,594	12,314,865	12,985,275	13,478,920	14,703,923	14,811,555
Operating expenses:										
Personal services and benefits	3,175,057	3,696,365	3,886,560	4,010,326	4,253,120	3,835,816	4,385,357	4,345,690	4,350,457	5,061,596
Operation and maintenance	1,086,665	1,439,712	1,296,658	1,839,617	1,234,608	1,158,818	1,460,251	1,453,789	1,550,252	1,788,171
Supplies and materials	915,748	1,409,039	1,451,738	1,353,184	1,471,159	1,296,768	1,220,000	1,218,645	1,210,601	1,229,613
Administration	1,329,083	1,299,889	1,227,113	1,084,407	1,174,601	1,182,821	1,220,437	1,308,718	1,462,335	1,335,499
Other charges	57,613	55,342	61,621	52,684	67,481	60,133	65,424	60,118	77,950	87,808
Depreciation	1,796,958	2,072,079	2,090,517	2,468,788	2,519,349	2,701,356	2,711,581	2,757,951	2,852,246	2,916,684
Total operating expenses	8,361,124	9,972,426	10,014,207	10,809,006	10,720,318	10,235,712	11,063,050	11,144,911	11,503,841	12,419,371
Operating income	2,036,656	1,297,456	1,691,388	1,220,020	1,742,276	2,079,153	1,922,225	2,334,009	3,200,082	2,392,184
Nonoperating revenues (expenses):										
Interest income	629,409	343,836	82,842	22,207	30,674	40,275	2,729	21,508	21,514	41,904
Governmental grants	-	-	-	-	-	-	72,289	13,103	-	-
Miscellaneous	8,468	28,142	25,223	29,613	19,585	10,847	16,535	2,122	2,781	1,028
Gain (loss) on disposition of assets	(12,880)	-	-	-	(293)	-	-	7,314	9,219	6,128
Interest on long-term debt	(1,382,240)	(1,331,124)	(1,267,391)	(1,796,575)	(1,520,334)	(1,643,503)	(1,751,114)	(1,708,765)	(1,678,042)	(1,971,229)
IRS interest subsidy - Build America Bonds	-	-	-	243,211	125,799	251,598	251,598	231,596	233,357	233,860
Total nonoperating revenues (expenses)	(757,243)	(959,146)	(1,159,326)	(1,501,544)	(1,344,569)	(1,340,783)	(1,407,963)	(1,433,122)	(1,411,171)	(1,688,309)
Income before contributions and transfers	1,279,413	338,310	532,062	(281,524)	397,707	738,370	514,262	900,887	1,788,911	703,875
Capital contributions	-	-	-	-	-	24,000	9,500	-	5,000	362,917
Transfers out	(77,000)	(215,500)	-	-	-	-	-	-	-	-
Change in net position	1,202,413	122,810	532,062	(281,524)	397,707	762,370	523,762	900,887	1,793,911	1,066,792
Total net position - beginning, as restated (1) (2)	33,239,942	34,442,355	34,565,165	35,097,227	34,815,703	35,273,830	36,036,200	36,559,962	31,448,108	33,242,019
Ending net position:										
Net investment in capital assets	27,457,812	28,835,542	29,577,116	29,406,782	28,353,428	28,177,375	27,787,795	28,010,070	28,620,307	27,610,452
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,984,543	5,729,623	5,520,111	5,408,921	6,859,982	7,858,825	8,772,167	9,450,779	4,621,712	6,698,359
Total net position - ending	<u>\$ 34,442,355</u>	<u>\$ 34,565,165</u>	<u>\$ 35,097,227</u>	<u>\$ 34,815,703</u>	<u>\$ 35,213,410</u>	<u>\$ 36,036,200</u>	<u>\$ 36,559,962</u>	<u>\$ 37,460,849</u>	<u>\$ 33,242,019</u>	<u>\$ 34,308,811</u>

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report for FY2012 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY2015 for an explanation.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating revenues:										
Charges for services and other operating revenues	\$ 16,040,587	\$ 17,861,892	\$ 17,716,586	\$ 18,536,169	\$ 18,023,990	\$ 18,520,421	\$ 18,913,651	\$ 19,763,592	\$ 20,216,758	\$ 21,264,506
Total operating revenues	16,040,587	17,861,892	17,716,586	18,536,169	18,023,990	18,520,421	18,913,651	19,763,592	20,216,758	21,264,506
Operating expenses:										
Personal services and benefits	2,094,012	2,497,423	2,580,269	2,690,817	2,821,960	2,963,550	2,731,139	2,871,425	2,944,024	3,390,178
Operation and maintenance	1,776,185	2,653,861	2,922,473	2,648,489	2,756,734	3,054,420	2,493,078	2,742,797	2,697,307	2,906,172
Supplies and materials	841,857	906,778	988,444	1,120,551	1,142,833	1,119,265	1,040,125	1,158,838	1,336,709	1,489,227
Administration	1,863,792	2,025,740	2,370,470	2,222,341	2,599,513	2,337,126	2,273,339	2,282,628	2,573,784	2,341,346
Other charges	34,347	35,078	35,903	45,466	39,915	70,699	33,447	44,651	66,946	51,118
Depreciation	4,108,561	4,296,493	4,430,958	4,857,843	5,035,336	5,819,288	6,147,918	7,049,861	7,584,388	7,635,836
Total operating expenses	10,718,754	12,415,373	13,328,517	13,585,507	14,396,291	15,364,348	14,719,046	16,150,200	17,203,158	17,813,877
Operating income	5,321,833	5,446,519	4,388,069	4,950,662	3,627,699	3,156,073	4,194,605	3,613,392	3,013,600	3,450,629
Nonoperating revenues (expenses):										
Interest income	858,384	691,799	363,942	182,548	173,319	167,849	102,589	108,729	73,142	85,086
Governmental grants	38,500	38,500	38,500	93,000	93,000	-	93,667	10,759	-	-
Miscellaneous	6,558	5,800	257,943	15,985	15,936	125,336	11,999	11,170	10,400	11,821
Gain (loss) on disposition of assets	-	-	-	-	-	-	(160,294)	5,653	606	738
Interest on long-term debt	(1,901,244)	(1,838,986)	(1,632,263)	(1,496,908)	(1,477,230)	(1,359,726)	(1,234,971)	(1,148,525)	(1,086,336)	(1,129,426)
IRS interest subsidy - Build America Bonds	-	-	-	44,421	22,977	45,953	45,952	42,300	42,621	42,713
Total nonoperating revenues (expenses)	(997,802)	(1,102,887)	(971,878)	(1,160,954)	(1,171,998)	(1,020,588)	(1,141,058)	(969,914)	(959,567)	(989,068)
Income before contributions and transfers	4,324,031	4,343,632	3,416,191	3,789,708	2,455,701	2,135,485	3,053,547	2,643,478	2,054,033	2,461,561
Capital contributions	766,259	2,210,259	4,045,756	12,542,361	8,435,244	700,878	31,025	2,855,237	3,207,248	4,471,358
Transfers in (out)	(452,000)	(325,000)	-	-	-	(3,401)	-	126,734	126,734	126,734
Change in net position	4,638,290	6,228,891	7,461,947	16,332,069	10,890,945	2,832,962	3,084,572	5,625,449	5,388,015	7,059,653
Total net position - beginning, as restated (1) (2)	87,384,514	92,022,804	98,251,695	105,713,642	122,045,711	132,997,076	135,830,038	138,914,610	140,651,555	146,039,570
Ending net position:										
Net investment in capital assets	74,801,294	78,570,747	89,162,429	103,867,512	118,483,855	122,482,265	128,264,125	133,496,405	138,595,419	144,934,435
Unrestricted	17,221,510	19,680,948	16,551,213	18,178,199	14,452,801	13,347,773	10,650,485	11,043,654	7,444,151	8,164,788
Total net position - ending	\$ 92,022,804	\$ 98,251,695	\$ 105,713,642	\$ 122,045,711	\$ 132,936,656	\$ 135,830,038	\$ 138,914,610	\$ 144,540,059	\$ 146,039,570	\$ 153,099,223

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report for FY2012 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY2015 for an explanation.

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

	2013	2014	2015	2016
Operating revenues:				
Charges for services and other operating revenues	\$ 3,355,267	\$ 3,124,545	\$ 3,268,776	\$ 3,209,504
Intergovernmental	650,000	650,000	275,000	275,000
Total operating revenues	<u>4,005,267</u>	<u>3,774,545</u>	<u>3,543,776</u>	<u>3,484,504</u>
Operating expenses:				
Personal services and benefits	281,160	414,356	362,502	446,320
Operation and maintenance	651,189	719,470	306,678	285,560
Supplies and materials	50,358	113,528	104,029	136,741
Administration	1,109,817	1,340,126	1,227,229	1,353,809
Other charges	4,804	8,233	11,916	5,289
Depreciation	-	4,465	33,662	67,558
Total operating expenses	<u>2,097,328</u>	<u>2,600,178</u>	<u>2,046,016</u>	<u>2,295,277</u>
Operating income	<u>1,907,939</u>	<u>1,174,367</u>	<u>1,497,760</u>	<u>1,189,227</u>
Nonoperating revenue:				
Interest Income	-	-	-	1,213
Miscellaneous	1	-	61	23,452
Total nonoperating revenue	<u>1</u>	<u>-</u>	<u>61</u>	<u>24,665</u>
Income before contributions and transfers	<u>1,907,940</u>	<u>1,174,367</u>	<u>1,497,821</u>	<u>1,213,892</u>
Capital contributions	-	-	-	-
Transfers out	-	(126,734)	(162,676)	(126,734)
Change in net position	<u>1,907,940</u>	<u>1,047,633</u>	<u>1,335,145</u>	<u>1,087,158</u>
Total net position - beginning, as restated (1)	<u>-</u>	<u>1,907,940</u>	<u>2,428,919</u>	<u>3,764,064</u>
Ending net position:				
Net investment in capital assets	99,062	771,687	2,002,495	2,484,986
Unrestricted	1,808,878	2,183,886	1,761,569	2,366,236
Total net position - ending	<u>\$ 1,907,940</u>	<u>\$ 2,955,573</u>	<u>\$ 3,764,064</u>	<u>\$ 4,851,222</u>

The Stormwater Fund was created in FY2013.

(1) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY2015 for an explanation.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating revenues:										
Charges for services and other operating revenues	\$ 1,848,109	\$ 1,839,685	\$ 1,967,871	\$ 2,152,132	\$ 2,093,668	\$ 2,011,159	\$ 2,124,073	\$ 2,235,749	\$ 2,254,531	\$ 2,446,873
Intergovernmental	129,582	132,487	178,948	179,276	168,209	158,129	135,566	136,178	142,601	134,592
Total operating revenues	1,977,691	1,972,172	2,146,819	2,331,408	2,261,877	2,169,288	2,259,639	2,371,927	2,397,132	2,581,465
Operating expenses: (2)										
Personal services and benefits	867,626	954,186	912,723	940,547	962,868	917,266	942,087	970,660	1,006,709	1,018,464
Operation and maintenance	751,314	710,025	825,665	962,156	993,088	979,812	1,008,265	1,160,643	1,166,823	1,011,546
Supplies and materials	96,152	117,270	99,852	107,755	118,586	122,848	113,371	133,670	12,803	137,041
Administration	235,657	231,223	203,813	242,702	233,300	263,522	243,385	233,277	239,614	235,287
Other charges	16,004	15,683	17,935	20,088	15,794	21,416	18,000	16,800	24,384	20,637
Depreciation	1,568,656	1,720,304	1,911,836	1,964,051	1,969,925	2,035,816	1,782,786	1,820,883	2,115,435	2,141,357
Total operating expenses	3,535,409	3,748,691	3,971,824	4,237,299	4,293,561	4,340,680	4,107,894	4,335,933	4,565,768	4,564,332
Operating loss	(1,557,718)	(1,776,519)	(1,825,005)	(1,905,891)	(2,031,684)	(2,171,392)	(1,848,255)	(1,964,006)	(2,168,636)	(1,982,867)
Nonoperating revenues (expenses):										
Interest income	106,412	33,985	15,788	3,198	2,672	2,658	3,659	2,464	2,254	8,281
Governmental grants	29,033	30,960	-	24,383	34,495	-	-	-	-	-
Passenger facility charges (3)	223,331	185,815	319,360	377,504	350,002	321,031	-	-	-	-
Miscellaneous	12,260	8,162	11,508	4,249	44,092	12,388	16,697	9,040	9,724	20,004
Gain (Loss) on disposition of assets	117,431	-	-	-	(17,651)	-	137,762	-	-	-
Interest on long-term debt	(103,910)	(108,456)	(86,964)	(73,265)	(64,581)	(54,416)	(45,020)	(39,411)	(8,061)	(27,422)
Total nonoperating revenues (expenses)	384,557	150,466	259,692	336,069	349,029	281,661	113,098	(27,907)	3,917	863
Loss before contributions and transfers	(1,173,161)	(1,626,053)	(1,565,313)	(1,569,822)	(1,682,655)	(1,889,731)	(1,735,157)	(1,991,913)	(2,164,719)	(1,982,004)
Capital contributions	7,928,973	5,094,296	422,853	2,184,294	1,685,180	961,868	2,452,072	2,512,162	3,065,217	2,264,831
Passenger facility charges (3)	-	-	-	-	-	-	335,209	329,951	323,963	317,503
Transfers in	367,337	359,364	295,850	261,260	259,950	421,362	336,330	218,809	96,600	-
Change in net position	7,123,149	3,827,607	(846,610)	875,732	262,475	(506,501)	1,388,454	1,069,009	1,321,061	600,330
Total net position - beginning - as restated (1,2)	23,741,434	30,864,583	34,692,190	33,845,580	34,721,312	35,003,927	34,497,426	35,885,880	35,756,707	37,077,768
Ending net position:										
Net investment in capital assets	29,582,661	34,351,746	33,350,032	33,807,415	33,495,323	32,131,518	33,305,694	34,631,136	35,973,930	34,496,749
Restricted	1,765	4,708	8,786	5,213	10,312	119,534	25,193	8,433	7,231	3,478
Unrestricted	1,280,157	335,736	486,762	908,684	1,478,152	2,246,374	2,554,993	2,315,320	1,096,607	3,177,871
Total net position - ending	<u>\$ 30,864,583</u>	<u>\$ 34,692,190</u>	<u>\$ 33,845,580</u>	<u>\$ 34,721,312</u>	<u>\$ 34,983,787</u>	<u>\$ 34,497,426</u>	<u>\$ 35,885,880</u>	<u>\$ 36,954,889</u>	<u>\$ 37,077,768</u>	<u>\$ 37,678,098</u>

(1) Total net position - beginning, was restated as of June 30, 2011. See Note 19, City of Lynchburg's Comprehensive Annual Financial Report for FY2012 for an explanation.

(2) Total net position - beginning, was restated as of June 30, 2014. See Note 20, City of Lynchburg's Comprehensive Annual Financial Report for FY2015 for an explanation.

(3) Beginning in FY2013, Passenger facility charges are reported with capital contributions and transfers.

**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real Estate (4)	\$ 40,177,919	\$ 45,704,771	\$ 47,350,940	\$ 49,771,556	\$ 50,443,704	\$ 50,575,233	\$ 54,258,297	\$ 54,360,607	\$ 54,894,485	\$ 55,825,934
PSC Taxes	2,084,337	1,859,402	2,092,537	2,156,835	2,231,177	2,188,113	2,333,580	2,313,627	2,267,069	2,371,493
Personal Property Tax	13,601,986	15,404,439	14,888,406	14,735,238	15,452,280	16,138,693	16,757,814	17,578,172	17,578,905	18,390,620
Penalties & Interest	665,421	711,491	896,215	862,989	954,397	1,032,498	1,142,986	1,241,614	1,299,858	1,198,049
Sales & Use Tax	14,481,096	14,266,750	13,056,829	12,686,171	13,290,563	13,440,973	13,589,747	13,842,292	15,006,326	14,995,131
Utility Tax (1) (2)	5,835,367	4,793,431	4,739,261	4,700,202	4,692,477	4,475,316	4,628,647	4,738,343	4,575,492	4,660,389
Business License Tax (3)	7,924,649	8,004,385	7,678,586	7,648,170	7,342,658	7,539,926	7,810,315	8,391,989	8,535,544	8,464,009
Franchise License Tax (1)	316,824	4,277	500	4,527	8,554	4,527	500	-	-	10,100
Communication Sales & Use Tax (1)	1,669,968	3,893,158	3,537,283	3,552,028	3,534,449	3,462,621	3,471,805	3,412,734	3,382,915	3,282,767
Motor Vehicle Licenses	1,491,186	1,511,831	1,572,792	1,601,123	1,621,362	1,629,845	1,643,420	1,672,627	1,701,647	1,722,007
Bank Stock Taxes	503,322	442,123	500,385	685,879	901,240	817,990	722,734	769,284	831,103	836,320
Taxes on Recordation and Wills	809,424	661,671	401,833	525,417	381,719	461,835	549,056	486,321	592,113	504,432
Tobacco Taxes	1,002,130	1,014,759	1,044,465	953,513	936,648	974,864	1,025,289	975,078	936,024	900,484
Admission and Amusement Taxes	409,473	407,024	400,835	576,139	610,625	644,842	660,558	662,453	667,212	678,870
Hotel and Motel Room Taxes	1,565,191	1,698,848	1,742,232	1,667,064	1,738,042	1,787,719	1,967,393	2,125,145	2,066,200	2,100,391
Restaurant Food Taxes	9,974,012	10,289,669	10,426,915	10,424,786	10,904,781	11,585,083	11,874,579	12,666,743	13,435,756	14,081,199
Emergency Telephone Service Tax (1)	464,582	-	-	-	-	-	-	-	-	-
Total General Government Tax Revenues	\$ 102,976,887	\$ 110,668,029	\$ 110,330,014	\$ 112,551,637	\$ 115,044,676	\$ 116,760,078	\$ 122,436,720	\$ 125,237,029	\$ 127,770,649	\$ 130,022,195

Source: Director of Financial Services, City of Lynchburg, Virginia.

- (1) In 2006 the General Assembly of the State of Virginia created a new tax called the Communication Sales & Use Tax. This tax will account for all communication taxes for telephone land line services and wireless services. Therefore, the utility taxes, franchise taxes, and emergency telephone service taxes will be less in FY2007 and future years.
- (2) Utility Tax has been restated beginning in FY2007 to include Utility tax for electric, gas, and right of way fees. Previously consumption tax for electric and gas were included.
- (3) Business License Tax has been restated beginning in FY2007 to include consumption tax for electric and gas. Utility companies are assessed business license tax based upon consumption.
- (4) Real Estate Taxes have been restated for FY2007 to FY2010 to exclude utility tax for right of way fees.

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

Fiscal Year	Residential Property(3)	Commercial Property	Industrial Property	Total Taxable Assessed Value (2)	Direct Tax Rate
2007	\$ 2,454,171,000	\$ 941,845,300	\$ 275,614,800	\$ 3,671,631,100	\$ 1.11
2008	3,003,784,200	1,139,117,700	327,955,600	4,470,857,500	1.05
2009	3,115,326,600	1,176,377,700	330,533,200	4,622,237,500	1.05
2010	3,316,347,900	1,241,511,300	333,785,800	4,891,645,000	1.05
2011	3,346,989,900	1,273,290,400	343,349,000	4,963,629,300	1.05
2012	3,331,295,800	1,273,327,200	344,876,100	4,949,499,100	1.05
2013	3,349,936,800	1,280,432,600	355,677,600	4,986,047,000	1.11
2014	3,323,554,300	1,302,945,700	355,954,900	4,982,454,900	1.11
2015	3,358,581,200	1,312,217,000	356,639,200	5,027,437,400	1.11
2016	3,383,069,800	1,396,087,500	364,092,500	5,143,249,800	1.11

Source: Real Estate Assessor, City of Lynchburg, Virginia

(1) Assessed value is as of July 1 of each fiscal year.

(2) Excludes tax-exempt property.

(3) These figures include assessments that qualify for land use exemptions. Title 58.1-3230 through 3244 of the *Code of Virginia* provides for the assessment of land based on use value rather than market value. Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by the City of Lynchburg.

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

Fiscal Year	Real Property (1)					Personal Property (3)				Machinery and Tools		Total Assessed Value of Taxable Property	Total Direct Tax Rate (9)
	Residential Property (2)(6)	Commercial Property (2)(7)	Public Service Corporation	Total	Tax Rate	Personal Property	Public Service Corporation	Total	Tax Rate	Machinery and Tools (2)	Tax Rate		
2007	\$ 2,454,171,000 (8)	\$ 1,217,460,100	\$ 163,455,331	\$ 3,835,086,431	\$ 1.11	\$ 514,804,057 (4)	\$ 22,435,903	\$ 537,239,960	\$ 3.80	\$ 128,776,059 (4)	\$ 3.00	\$ 4,501,102,450	\$ 7.91
2008	3,003,784,200	1,467,073,300	150,948,376	4,621,805,876	1.05	554,580,281 (4)	24,595,702	579,175,983	3.80	129,957,629 (4)	3.00	5,330,939,488	7.85
2009	3,115,326,600	1,506,910,900	173,670,897	4,795,908,397	1.05	505,110,365 (4)	23,990,045	529,100,410	3.80	138,538,171 (4)	3.00	5,463,546,978	7.85
2010	3,316,347,900	1,575,297,100	177,590,861	5,069,235,861	1.05	530,818,005 (4)	26,216,286	557,034,291	3.80	138,218,372 (4)	3.00	5,764,488,524	7.85
2011	3,346,989,900	1,616,639,400	184,591,013	5,148,220,313	1.05	547,011,982 (4)	26,206,858	573,218,840	3.80	142,664,977 (4)	3.00	5,864,104,130	7.85
2012	3,331,295,800	1,618,203,300	182,357,853	5,131,856,953	1.05	573,684,320 (4)	24,189,993	597,874,313	3.80	159,096,582 (4)	3.00	5,888,827,848	7.85
2013	3,349,936,800	1,636,110,200	184,575,507	5,170,622,507	1.11	586,098,054 (4)	23,632,441	609,730,495	3.80	150,157,140 (4)	3.00	5,930,510,142	7.91
2014	3,323,554,300	1,658,900,600	180,026,914	5,162,481,814	1.11	603,981,655 (4)	25,839,427	629,821,082	3.80	152,877,609 (4)	3.00	5,945,180,505	7.91
2015	3,358,581,200	1,668,856,200	175,223,235	5,202,660,635	1.11	622,453,513 (4)	25,979,883	648,433,396	3.80	155,103,327 (4)	3.00	6,006,197,358	7.91
2016	3,383,069,800	1,760,180,000	185,088,590	5,328,338,390	1.11	524,875,105 (5)	28,004,949	552,880,054	3.80	159,788,323 (5)	3.00	6,041,006,767	7.91

Sources: Real Estate Assessor and Commissioner of Revenue, City of Lynchburg, Virginia

(1) Assessed value is as of July 1 of the fiscal year noted.

(2) Real estate and machinery and tools are assessed at 100% of fair market value.

(3) Effective July 1, 1989, personal property is assessed at 100% of average trade-in value.

(4) These figures have been updated to reflect all billings associated with the levy.

(5) 2016 Personal Property Tax Levy in FY2016. These figures only reflect two of the four billings associated with this levy. These figures will be updated in FY 2017 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) The residential property amount for 2007 has been updated from the Fiscal Year 2007 CAFR to reflect net of land use exemption.

(9) 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	2016				2007			
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2016 Total Tax Levy	Percentage of Total Tax Levy	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
AEP - American Electric Power	Utility	\$ 81,543,285	1	1.35 %	\$ 917,578	1.11 %	\$ 43,339,274	5	0.97 %
Frito Lay, Inc.	Food Manufacturer	55,879,517	2	0.93	1,194,538	1.44	33,173,772	6	0.74
Areva NP Inc.	Nuclear Power Design & Fuel	53,129,287	3	0.88	1,114,739	1.35	49,323,306	2	1.11
River Ridge, Ltd.	Shopping Mall	46,604,400	4	0.77	517,309	0.63	44,768,400	4	1.00
Wal-Mart Real Estate Business Trust	Retail	40,853,090	5	0.68	520,585	0.63			-
Verizon Va, Inc.	Utility	39,503,306	6	0.65	445,557	0.54	64,730,322	1	1.45
R R Donnelley	Periodical Publication Printing	34,837,220	7	0.58	755,762	0.91	46,076,218	3	1.03
Columbia Gas of Virginia, Inc.	Utility	33,540,015	8	0.56	365,415	0.44			-
J Crew Inc.	Clothing	25,070,689	9	0.42	445,724	0.54			-
C.B. Fleet Co.	Pharmaceuticals	20,705,321	10	0.34	385,354	0.47			-
LU Candler Station Holdings LLC	Shopping Center	19,011,400	11	0.31	211,027	0.26			-
CCRC, Inc.	Nursing Home/Assisted Living	18,802,100	12	0.31	208,703	0.25	17,587,300	10	0.39
Genworth Financial, Inc.	Life Insurance	18,577,501	13	0.31	325,249	0.39	20,312,918	7	0.46
Bostic Development at Lynchburg, LLC	Real Estate	-		-	-	-	19,662,500	9	0.44
JDN Realty Corp, Inc.	Real Estate	-		-	-	-	20,028,300	8	0.45
Total		<u>\$ 488,057,131</u>		<u>8.09 %</u>	<u>\$ 7,407,540</u>	<u>8.96 %</u>	<u>\$ 359,002,310</u>		<u>8.04 %</u>
Total Assessed Valuation:		<u>\$ 6,041,006,767</u>					<u>\$ 4,463,198,853</u>		
Tax Levy:									
Real Estate		\$ 57,084,805							
Railroads and Pipelines		282,130							
Public Service Corporations		2,103,877							
Personal Property		<u>23,278,628</u>							
Total Tax Levy:		<u>\$ 82,749,440</u>							

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)
2007	\$ 62,567,703	\$ 676,463	\$ 63,244,166	\$ 60,579,970	96.82%	\$ 2,642,267	\$ 63,222,237	99.97%
2008	69,433,693	425,442	\$ 69,859,135	67,913,137	97.81%	1,917,835	69,830,972	99.96%
2009	70,416,682	(237,520)	\$ 70,179,162	68,912,258	97.86%	1,224,626	70,136,884	99.94%
2010	73,945,100	366,011	\$ 74,311,111	71,488,683	96.68%	2,597,983	74,086,666	99.70%
2011	75,304,880	269,189	\$ 75,574,069	72,759,636	96.62%	2,566,986	75,326,622	99.67%
2012	76,467,417	297,827	\$ 76,765,244	73,256,961	95.80%	3,151,938	76,408,899	99.54%
2013	80,037,980	325,706	\$ 80,363,686	77,536,743	96.87%	2,278,373	79,815,116	99.32%
2014	80,297,119	406,284	\$ 80,703,403	78,239,826	97.44%	1,540,995	79,780,821	98.86%
2015	81,223,917	456,115	\$ 81,680,032	78,731,871	96.93%	1,970,781	80,702,652	98.80%
2016	82,721,284	(708,335)	\$ 82,012,949	80,478,895	97.29%	-	80,478,895	98.13%

Source: Director of Financial Services, City of Lynchburg, Virginia

- (1) Total tax levy is calculated based on the sum of the initial Real Estate Tax and Personal Property Tax levies.
 (2) Adjustments include supplemental billings and exonerations attributable to the year the tax was levied. The current year only includes exonerations.
 (3) These columns represent the amount and percentage of the tax levy within the respective tax year reporting period.
 (4) These columns represent collections in subsequent years for the tax levied in the noted fiscal year.

PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(per \$100 of assessed valuation)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Real Estate										
Locally Assessed	\$ 1.11	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.05	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11
Personal Property										
Locally Assessed	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Machinery and Tools	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Automobiles, Trucks, and Business Equipment	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Public Service Corporations										
Equalized	1.11	1.05	1.05	1.05	1.05	1.05	1.11	1.11	1.11	1.11
Automobiles and Trucks	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Total Direct Tax Rate	7.91	7.85	7.85	7.85	7.85	7.85	7.91	7.91	7.91	7.91

Note: There is no overlapping government taxation.

Source: Information was obtained from Official Statements related to bond issuance for April 26, 2006, and July 19, 2007.
City of Lynchburg Adopted Budget Fiscal Year 2016
Commissioner of the Revenue for City of Lynchburg, Virginia www.lynchburgva.gov

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 (Principal Only)	Total Primary Government - Net Outstanding Debt Ratios		
	General Obligation Bonds	Literary Bonds	General Obligation Notes	Note Payable	Capital Leases	Net Deferred Amounts ⁽¹⁾	General Obligation Bonds	General Obligation Notes	Public Utility Revenue Bonds	Net Deferred Amounts ⁽¹⁾		Total Primary Government - Net (Includes Net Deferred Amounts)	Percentage of Personal Income ⁽²⁾	Total Primary Government - Net Bonded Debt Per Capita ⁽²⁾
2007	\$ 108,593	\$ 68	\$ -	\$ 3,020	\$ 6,810	\$ 2,171	\$ 52,295	\$ 16,500	\$ 74,985	\$ 707	\$ 262,271	\$ 265,149	11.60%	\$ 3,666
2008	117,407	49	1,343	2,840	6,316	2,211	63,550	-	84,426	806	275,931	278,948	11.48%	3,778
2009	112,011	30	7,500	2,660	5,804	2,186	56,831	4,000	100,328	637	289,164	291,987	11.99%	3,883
2010	139,180	11	-	2,480	5,274	2,168	71,749	-	109,907	1,162	328,601	331,931	13.37%	4,378
2011	129,807	-	-	2,300	4,723	3,251	68,005	-	125,601	2,150	330,436	335,837	12.89%	4,393
2012	120,078	-	-	2,120	4,285	3,007	63,936	80	127,973	2,000	318,472	323,479	11.91%	4,190
2013	114,209	-	-	1,940	-	2,763	59,864	5,194	122,876	1,849	304,083	308,695	11.33%	3,990
2014	114,519	-	-	1,760	-	2,424	56,083	7,159	117,270	1,711	296,791	300,926	11.99%	3,864
2015	186,515	-	-	1,580	-	11,087	70,415	-	111,236	2,871	369,746	383,704	13.46%	10,589
2016	191,848	-	-	1,400	-	12,877	76,395	-	104,998	4,722	374,641	392,240	13.76%	10,824

Source: Director of Financial Services, 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) Net Deferred Amounts include Premiums and Discounts.

(2) See Table 23 for population and per capita personal income information. For FY2015 and FY2016, the FY2014 amount for per capita personal income of \$36,237 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)
2007	72,331	\$ 4,501,102	\$ 184,266	\$ 2,878	\$ 187,144	4.16%	\$ 2,587	\$ 68,795	\$ 707	\$ 117,642	2.61%
2008	73,834	5,330,939	188,665	3,017	191,682	3.60%	2,596	63,550	806	127,326	2.39%
2009	75,204	5,463,547	186,176	2,823	188,999	3.46%	2,513	60,831	637	127,531	2.33%
2010	75,826	5,764,489	216,214	3,330	219,544	3.81%	2,895	71,749	1,162	146,633	2.54%
2011	76,448	5,864,104	202,535	5,401	207,936	3.55%	2,720	68,005	2,150	137,781	2.35%
2012	77,203	5,888,828 (5)	188,379	5,007	193,386	3.28%	2,505	64,016	2,000	127,370	2.16%
2013	77,376	5,930,510 (5)	179,267	4,612	183,879	3.10%	2,376	65,058	1,849	116,972	1.97%
2014	77,874	5,945,181 (5)	177,761	4,135	181,896	3.06%	2,336	63,242	1,711	116,943	1.97%
2015	78,675	6,006,197 (5)	256,930	13,958	270,888	4.51%	3,443	70,415	2,871	197,602	3.29%
2016	78,675	6,041,007 (6)	268,243	17,599	285,842	4.73%	3,633	76,395	4,722	204,725	3.39%

Source: Director of Financial Services, City of Lynchburg, Virginia.

(1) See Table 15 for Assessed Valuations and Table 23 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 FY2017 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 2016

Real Property Assessed Value	\$ 5,143,250
Public Service Corporations Real Property Assessed Value	185,088
Total Real Property Assessed Value (1)	<u>5,328,338</u>
Debt limit (10% of assessed value)	532,834
Debt applicable to limit:	
Less: General Obligation Debt	<u>(268,243)</u>
Legal Debt Margin	<u><u>\$ 264,591</u></u>

Description	Fiscal Years									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 383,509	\$ 462,181	\$ 479,591	\$ 506,924	\$ 514,821	\$ 513,186	\$ 517,062	\$ 516,248	\$ 520,266	\$ 532,834
Total net debt applicable to limit	<u>177,456</u>	<u>182,350</u>	<u>180,372</u>	<u>210,940</u>	<u>197,812</u>	<u>184,094</u>	<u>179,267</u>	<u>177,761</u>	<u>256,930</u>	<u>268,243</u>
Legal debt margin	<u>\$ 206,053</u>	<u>\$ 279,831</u>	<u>\$ 299,219</u>	<u>\$ 295,984</u>	<u>\$ 317,009</u>	<u>\$ 329,092</u>	<u>\$ 337,795</u>	<u>\$ 338,487</u>	<u>\$ 263,336</u>	<u>\$ 264,591</u>
Total net debt applicable to the limit as a percentage of the debt limit	46.27%	39.45%	37.61%	41.61%	38.42%	35.87%	34.67%	34.43%	49.38%	50.34%

Source: Director of Financial Services, City of Lynchburg, Virginia.

(1) See Table 15 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
LAST TEN FISCAL YEARS**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sewer Fund Operating Income	\$ 5,321,833	\$ 5,446,519	\$ 4,388,069	\$ 4,950,662	\$ 3,627,699	\$ 3,156,073	\$ 4,194,605	\$ 3,613,392	\$ 3,013,600	\$ 3,450,629
Plus:										
Depreciation & amortization	4,108,561	4,296,493	4,430,958	4,857,843	5,035,336	5,819,288	6,147,918	7,049,861	7,584,388	7,635,836
Interest income received	858,384	691,799	363,942	226,969	173,319	167,849	102,589	108,729	73,142	85,086
Capital contributions from members										
Regional Sewerage Treatment Plant	385,623	386,530	394,761	431,486	474,581	451,645	480,922	614,353	1,015,339	525,856
Governmental grants & miscellaneous income	45,058	44,300	296,443	108,985	108,936	125,336	105,666	21,929	10,400	11,821
Intergovernmental transfer (4)	-	-	-	-	-	688,036	-	126,734	126,734	126,734
Capitalized cost (3)	-	-	-	-	229,662	258,186	220,691	159,026	151,044	131,088
Net Revenue per Indenture (1)	<u>\$ 10,719,459</u>	<u>\$ 10,865,641</u>	<u>\$ 9,874,173</u>	<u>\$ 10,575,945</u>	<u>\$ 9,649,533</u>	<u>\$ 10,666,413</u>	<u>\$ 11,252,391</u>	<u>\$ 11,694,024</u>	<u>\$ 11,974,647</u>	<u>\$ 11,967,050</u>
Debt Service										
General obligation bonds										
Principal (2)	\$ 2,386,638	\$ 4,207,969	\$ 1,810,056	\$ 2,103,851	\$ 2,259,476	\$ 2,061,150	\$ 2,053,469	\$ 1,860,166	\$ 1,962,544	\$ 1,990,110
Interest	1,445,911	1,411,626	1,233,745	1,128,126	1,139,108	1,053,216	961,054	908,213	1,058,566	1,046,664
Total	<u>3,832,549</u>	<u>5,619,595</u>	<u>3,043,801</u>	<u>3,231,977</u>	<u>3,398,584</u>	<u>3,114,366</u>	<u>3,014,523</u>	<u>2,768,379</u>	<u>3,021,110</u>	<u>3,036,774</u>
Revenue bonds										
Principal (5)	2,557,922	2,909,118	3,097,845	3,520,797	3,757,168	4,627,820	5,096,949	5,597,966	6,034,143	6,238,057
Interest	455,333	427,360	398,518	368,782	338,122	306,510	273,917	240,312	210,084	174,501
Total	<u>3,013,255</u>	<u>3,336,478</u>	<u>3,496,363</u>	<u>3,889,579</u>	<u>4,095,290</u>	<u>4,934,330</u>	<u>5,370,866</u>	<u>5,838,278</u>	<u>6,244,227</u>	<u>6,412,558</u>
Total Debt Service Principal and Interest	<u>\$ 6,845,804</u>	<u>\$ 8,956,073</u>	<u>\$ 6,540,164</u>	<u>\$ 7,121,556</u>	<u>\$ 7,493,874</u>	<u>\$ 8,048,696</u>	<u>\$ 8,385,389</u>	<u>\$ 8,606,657</u>	<u>\$ 9,265,337</u>	<u>\$ 9,449,332</u>
Debt Coverage	<u>1.57</u>	<u>1.21</u>	<u>1.51</u>	<u>1.49</u>	<u>1.29</u>	<u>1.33</u>	<u>1.34</u>	<u>1.36</u>	<u>1.29</u>	<u>1.27</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 a annual range of 1.1 to 1.5. The revised Consent Order includes a debt coverage ratio requirement within a range of 1.1 to 1.5 computed under a rolling three year average.

(2) For FY 2008 General obligation bond principal payments exclude \$6,500,000 from an August 2, 2007 current refunding bond issue that permanently financed the May 9, 2006 General obligation bond anticipation notes (BANS).

(3) Capitalizable cost includes internal labor charges applicable to time spent on capital project activities.

(4) 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 Funds set up costs.

(5) For FY2014 the deletions in Note 9 for Public utility revenue bonds are comprised of debt service payments of \$5,597,966 and a write down of \$7,779 for revenue bond debt.

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

Fiscal Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (3)	Median Age (4)	School Enrollment (5)	Unemployment Rate (6)
2007	72,331	\$ 2,356,689	\$ 31,612	35.1	8,883	4.3
2008	73,834	2,430,025	32,912	35.1	8,715	5.6
2009	75,204	2,434,579	32,373	35.1	8,634	9.3
2010	75,826	2,482,619	32,741	30.3	8,597	9.2
2011	76,448	2,605,959	34,088	30.3	8,646	9.1
2012	77,203	2,715,847	35,178	30.3	8,688	8.9
2013	77,376	2,724,641	35,213	30.3	8,576	8.2
2014	77,874	2,821,920	36,237	30.3	8,583	7.1
2015	78,675	*	*	30.3	8,577	6.5
2016	78,675	*	*	30.3	8,566	5.7

Source: Director of Financial Services, City of Lynchburg, Virginia.

(1) Weldon Cooper Center for Public Service, University of Virginia www.coopercenter.org

Figures given are the final estimate for that year. Since the estimate for the current fiscal year is not available at this time, the prior year data is given. 2010 through 2014 are all based on a July 1st estimate published on January 27, 2016.

(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 CA1-3 - Personal Income Summary - www.bea.gov/regional/docs/income

The information was last updated November 19, 2015. Estimates for 2010-2014 reflect population estimates available as of March 2015.

The Table has been revised to reflect these changes.

(4) United States Census - 2010

(5) Virginia Department of Education reported by Lynchburg City Schools. Enrollment as of September 30 for each year presented.

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.

(6) Virginia Employment Commission & U.S. Department of Labor, Bureau of Labor Statistics, as of June 2016

2015 Unemployment Rate has been adjusted to reflect the most current data available.

* Information unavailable

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

	2016	2007
Employer	Employees (3)	Employees (4)
Liberty University (2)	8000 +	
Centra Health, Inc.	7000-7999	4,401
Lynchburg City Schools	1500-1999	1,410
Areva	1001-1499	1,639
City of Lynchburg	1000-1499	1,521
Genworth Financial Inc.	1000-1499	1,240
J. Crew Outfitters	1000-1499	800
Central Virginia Community College	500-999	
Harris Corp. (6)	500-999	
Horizon Behavioral Health (1)	500-999	
Kroger	500-999	550
Southern Air, Inc	500-999	
Walmart	500-999	
Lynchburg College	500-999	599
Tri-Tech Laboratories, Inc.	250-499	
Frito Lay	250-499	
R.R. Donnelley	250-499	
Nationwide Insurance Company	0-249	562
Thomas Road Baptist Church (5)		3,321
Employed Civilian Labor Force (June 2016) Lynchburg City - Virginia		
Employment Commission		33,444
Employed Civilian Labor Force (June 2007) Lynchburg City - Virginia		
Employment Commission		31,546

Source: FY2016 numbers are derived from Office of Economic Development, City of Lynchburg, VA, or employer contact, as of June 30, 2016.

Source: FY2007 numbers are derived from City of Lynchburg CAFR.

(1) Formerly Central Virginia Community Services

(2) Liberty University operates an online higher education institution, and as a result a number of employees live outside of the City.

(3) Beginning in FY2013 ranges were used for employee count due to privacy issues, as well as availability of data from employers.

(4) Numbers as reported in the FY2007 Comprehensive Annual Financial Report.

(5) Combined numbers for TRBC and Liberty University for 2007

(6) Formerly M/A-Com

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

Functions/Programs	Full-Time Equivalent Employees as of June 30									
	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Adopted 2016 ⁽¹⁾
Primary government:										
Council Manager Offices	9	8	9	8	8	8.0	6.0	6.0	6.0	6.0
Parking Division ⁽⁵⁾	-	-	-	3	4	4.5	5.0	5.0	5.7	5.7
City Assessor	12	12	12	12	10	10.0	10.0	9.6	9.6	9.6
City Attorney	7	7	7	7	7	6.9	6.9	6.9	6.9	6.9
Commissioner of Revenue	16	15	15	13	12	10.4	10.4	10.4	10.4	10.4
Communications & Marketing	3	3	4	4	4	4.0	4.0	4.0	4.0	4.0
Local Government Channel	-	2	2	2	2	2.0	2.0	2.0	2.0	2.0
Citizens First	2	4	4	4	3	3.5	3.5	3.0	3.0	3.0
Financial Services	49	47	46	44	42	42.0	42.0	41.7	41.7	41.7
Financial Services-Human Services	12	12	12	10	10	8.8	7.8	6.0	5.7	5.7
Human Resources	12	13	11	11	10	10.0	10.0	10.0	9.6	9.6
Information Technology	28	28	29	30	31	31.0	30.0	30.0	30.0	32.0
Internal Audit	2	2	2	2	2	2.0	-	-	-	-
Registrar and Electoral Board	3	3	3	2	2	2.3	2.3	2.5	2.5	2.5
State Treasurer (State)	2	2	2	2	2	2.0	2.0	2.0	2.0	2.0
Risk Management Fund	3	3	3	3	3	3.0	3.0	3.0	2.9	2.9
Circuit Court Clerk (State)	13	13	13	13	13	13.0	13.0	13.0	13.0	13.0
Circuit Court Judges	2	2	2	2	2	2.0	2.0	2.0	2.0	2.0
Commonwealth Attorney	14	16	16	17	17	16.7	17.7	17.7	16.9	16.9
Sheriff	31	31	31	31	29	30.4	30.4	30.6	30.0	30.4
Regional Juvenile Detention Center Fund	50	50	50	50	47	47.3	46.1	45.1	45.1	45.1
Police Department	198	207	204	204	203	202.7	197.9	199.8	199.8	200.8
Emergency Communications	31	31	31	36	35	32.0	35.0	35.6	35.6	36.6
Fire Department	180	185	186	186	187	187.0	185.0	187.5	187.5	189.5
Public Works Administration	-	-	11	11	11	11.0	10.0	10.0	10.7	10.7
Buildings & Grounds Maintenance	88	88	83	78	74	76.3	71.8	72.3	72.3	74.2
Engineering Division ⁽²⁾	-	-	-	38	31	32.8	30.8	30.7	31.2	32.2
Geographic Information System	-	-	-	-	-	-	-	-	-	-
Street, Traffic & Refuse Maintenance ⁽³⁾	36	38	57	53	50	52.4	52.2	47.5	48.5	46.3
Health & Human Services	188	188	184	175	169	169.9	164.4	170.1	167.9	165.5
Cultural and recreational	102	101	99	99	99	96.7	91.3	97.4	94.6	101.1
Community Planning & Economic Development ⁽²⁾	78	77	84	33	32	26.8	25.1	25.1	25.0	26.0
Tourism and Visitor Center ⁽⁷⁾	-	-	-	-	-	-	-	3.9	11.8	11.8
Fleet Services Fund	13	12	12	13	11	11.0	11.5	10.5	11.0	11.0
Business-type activities:										
Airport Fund	21	21	20	18	18	17.7	17.7	17.7	17.7	17.7
Water Fund	65	68	65	68	67	68.4	66.2	69.1	68.9	70.4
Sewer Fund	47	46	46	50	50	55.0	50.5	52.5	52.5	53.5
Stormwater Fund ⁽⁶⁾	-	-	-	-	-	-	5.8	5.8	7.1	7.1
Solid Waste Fund ⁽⁴⁾	43	43	-	-	-	-	-	-	-	-
Source: Budget Office, City of Lynchburg, Virginia	1,360	1,378	1,355	1,332	1,297	1,299.5	1,269.3	1,286.0	1,291.1	1,305.8

(1) FY2016 actual will be available with the FY2017 adopted budget.

(2) During FY2007 the Engineering Division was moved to Community Planning & Economic Development.

(3) Refuse Collection was moved to Public Works Division.

(4) Solid Waste Fund Closed July 1, 2008.

(5) The Parking Division was formed in FY2010.

(6) The Stormwater Fund began in FY2013.

(7) Tourism and Visitor Center were formed in FY2014.

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

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical Arrests	6,634	6,813	6,662	6,605	7,039	6,879	6,835	5,927	5,435	5,047
Traffic Violations	10,634	11,327	14,489	12,672	11,437	12,506	12,483	10,366	10,344	8,581
Parking Violations	7,741	7,786	6,370	4,599	3,943	6,338	4,481	4,854	6,812	5,718
Fire (4)										
Number of Fire calls answered (per month)	501	517	506	518	574	511	315	268	241	277
Number of inspections conducted (2) (5) (6)	253	368	641	567	767	469	254	291	192	441
Number of EMS calls	13,764	14,660	15,279	15,124	14,731	14,393	20,612	20,113	19,426	19,169
Sanitation and Refuse										
Refuse collected (tons/day)	72.22	69.68	69.03	69.35	69.74	70.14	72.96	65.58	55.70	63.17
Recyclables collected (tons/day)	5.34	6.73	7.45	7.23	7.31	6.85	6.46	5.26	4.10	7.09
Airport										
Total number of passengers	115,560	98,423	142,569	178,387	169,174	152,064	157,450	157,074	153,729	154,218
Sewage										
Number of service connections (3)	18,310	18,486	18,549	18,606	18,706	18,785	18,916	19,057	19,060	19,083
Average daily treatment in million gallons (1)	12.35	10.86	10.68	12.99	11.09	10.57	10.35	12.20	11.33	12.97
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 (3)	22,044	22,158	22,290	22,265	22,361	22,422	22,517	22,628	22,640	22,716
Average daily consumption of plant in million gallons	10	12	11	12	11	10	10	10	10	11
Maximum daily capacity of plant in million gallons	26	26	26	26	26	26	26	26	26	26

Source: City Departments, City of Lynchburg, Virginia

(1) The numbers stated for FY2004-2007 differ from those previously reported and reflect the actual data based on the information provided by the Regional Wastewater Treatment Plant.

(2) Fire had additional personnel conducting inspections beginning in FY2009.

(3) The amounts for FY2012 have been revised to exclude stormwater accounts.

(4) The City implemented an enhanced reporting system in FY2013. The new system more accurately reports fire calls, inspections and EMS calls.

(5) In FY2012, number of inspectors in the Fire Marshal's Office dropped from 4 to 3 and in FY2015 the number dropped from 3 to 2 due to retirement.

(6) In FY2016, the Fire department trained additional field employees to conduct inspections and the inspections were conducted off-duty with paid overtime funds.

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	55	57	57	57	57	57	57	57	60	83
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Refuse collection										
Collection Trucks	16	16	16	16	16	16	22	22	20	20
Highways and Streets										
Street (miles)	374.42	374.42	377.37	378.26	378.26	378.61	378.61	379.36	378.10	378.95
Streetlights	9,899	9,926	9,990	9,966	9,982	9,982	10,167	10,287	10,347	10,347
Traffic signals	117	118	119	119	119	119	120	120	121	120
Culture and Recreation										
Community centers	7	7	7	7	7	7	6	7	7	7
Senior centers	1	1	1	1	1	1	1	1	1	1
Parks (10)	20	20	20	20	21	21	21	21	21	21
Parks acreage (1) (8)	917	917	917	917	948	948	948	948	948	948
Swimming pools	1	1	1	1	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	2,800	2,887	2,892	3,080	3,111	3,156	3,177	3,204	3,210	3,230
Storage capacity (thousands of gallons)	33,000	33,000	31,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Sewer										
Average daily sewage treatment (MGD) (4)	12.35	10.86	10.68	12.99	11.09	10.57	10.35	12.20	11.33	12.97
Maximum daily sewage treatment (MGD)	33.44	26.37	28.65	33.69	29.54	31.68	31.03	39.07	30.47	38.82
Transit - route service buses (5)	29	37	37	38	38	39	39	39	39	39
Transit - paratransit service buses (6)	-	7	11	11	11	10	14	14	14	17
Facility and service not included in the reporting entity:										
Education										
Number of elementary schools (7)	11	11	11	11	11	11	11	11	11	11
Number of secondary schools	5	5	5	5	5	5	5	5	5	5
Number of community colleges	1	1	1	1	1	1	1	1	1	1
Number of universities or colleges	4	4	4	4	4	4	4	4	4	4
Hospitals										
Number of hospitals	2	2	2	2	2	2	2	2	2	2
Number of patient beds	587	575	575	513	519	519	519	519	519	519

Source: City Departments, City of Lynchburg, Virginia

- (1) Including Blackwater Creek Natural Area.
- (2) 10 locations with a total of 40 courts - including schools.
- (3) Mapping is under development. Complete information is not available.
- (4) The numbers stated for FY1999-2007 differ from previously reported and reflect the actual data based on the information provided by the Regional Wastewater Treatment Plant.
- (5) The increase in the number of route service buses is due to additional route covered according to the agreement with Liberty University.
- (6) GLTC purchased new paratransit buses to better serve the elderly population.
- (7) Kizer Elementary School used for Special Education, therefore, excluded from total number of elementary schools for reporting purposes.
- (8) The numbers stated for FY2002-2010 differ from previously reported and reflect the actual data based on the information provided by the Parks & Recreation Department.

**CITY OF LYNCHBURG, VIRGINIA
LYNCHBURG CITY SCHOOLS
STUDENT ENROLLMENT, EMPLOYEES AND SCHOOLS BY FISCAL YEAR
LAST TEN YEARS**

Student Enrollment, Employees and Schools by Fiscal Year										
Description	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary School Membership	3,877	3,916	3,936	3,934	3,968	3,987	3,975	4,020	3,921	3,982
Secondary School Membership	4,745	4,447	4,583	4,438	4,359	4,317	4,133	4,171	4,216	4,191
Total Membership	<u>8,622</u>	<u>8,363</u>	<u>8,519</u>	<u>8,372</u>	<u>8,327</u>	<u>8,304</u>	<u>8,108</u>	<u>8,191</u>	<u>8,137</u>	<u>8,173</u>
Teachers and Administrators (1)	772	774	780	759	977	851	836	850	967	1,019
Other Employees	482	482	482	449	466	478	505	458	426	434
Total Employees	<u>1,254</u>	<u>1,256</u>	<u>1,262</u>	<u>1,208</u>	<u>1,443</u>	<u>1,329</u>	<u>1,341</u>	<u>1,308</u>	<u>1,393</u>	<u>1,453</u>
Elementary Schools (2)	11	11	11	11	11	11	11	11	11	11
Secondary Schools	5	5	5	5	5	5	5	5	5	5
Total Buildings	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>

(1) Includes only full-time equivalent positions funded through the operating budget.

(2) Does not include LAUREL Regional Program, now being used for special education students.

**Actual Average Daily Student Enrollment by Grade & Fiscal Year
(Based on September 30th Actual Enrollment)**

Grade	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
K	722	732	732	718	696	740	735	732	567	667
1	675	673	673	702	726	705	720	738	719	701
2	629	648	648	648	670	676	662	692	696	677
3	629	653	653	632	620	643	643	619	658	675
4	625	606	608	639	629	615	601	642	638	637
5	597	604	622	595	627	608	614	597	643	625
6	618	613	635	598	605	621	609	604	615	619
7	694	581	604	619	593	586	608	607	608	597
8	662	625	614	581	622	593	567	613	585	597
9	867	777	797	706	642	669	629	599	639	610
10	661	647	732	719	666	580	623	609	596	619
11	621	654	702	619	672	625	534	606	612	591
12	622	550	499	596	559	643	563	533	561	558
Total	<u>8,622</u>	<u>8,363</u>	<u>8,519</u>	<u>8,372</u>	<u>8,327</u>	<u>8,304</u>	<u>8,108</u>	<u>8,191</u>	<u>8,137</u>	<u>8,173</u>

Note: The enrollment numbers reported for 2009 in the FY2009 CAFR were actually the enrollment numbers for 2010. These numbers have been updated.

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COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *the Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lynchburg, Virginia (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 15, 2016.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 15, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Lynchburg, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Lynchburg, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 15, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE PASSENGER FACILITY
CHARGE PROGRAM AUDIT GUIDE**

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

Report on Compliance

We have audited the City of Lynchburg, Virginia's (the "City") compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide"), issued by the Federal Aviation Administration, for its passenger facility program (the "Program") for the year ended June 30, 2016.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Compliance

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that are applicable to the Program for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

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

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

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 15, 2016

CITY OF LYNCHBURG, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2016

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the City's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Local Retirement Systems

Debt Provisions

Procurement Laws

Comprehensive Services Act

Uniform Disposition of Unclaimed Property Act

Sheriff Internal Controls

State Agency Requirements

Education

Social Services

Urban Highway Maintenance

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

FEDERAL AVIATION ADMINISTRATION COMPLIANCE MATTERS

Passenger Facility Charge Audit Guide for Public Agencies

Requirements of laws and regulations required by the Federal Aviation Administration in relation to the passenger facility charge program.

CITY OF LYNCHBURG, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** related to the audit of the financial statements were reported.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to major programs**.
7. The major programs of the City are:

<u>Name of Program</u>	<u>CFDA #</u>
Special Education Cluster:	
Title IV-B Special Education	84.027
Special Education Preschool Grants	84.173
Title I Educationally Deprived Children - LEA	84.010
WIA Cluster:	
WIA Adult Program	17.258
WIA Youth Activities	17.259
WIA Dislocated Workers	17.278

8. The **threshold for** distinguishing Type A and B programs was **\$752,091**.
9. The City of Lynchburg was determined to be a **low-risk auditee**.
10. Passenger Facility Charge Program:
 - a. **No significant deficiencies** relating to the audit of the Passenger Facility Charge Program were reported in the Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance in Accordance with the *Passenger Facility Charge Program Audit Guide*.
 - b. The auditor's report on compliance for the Passenger Facility Program expresses an **unmodified opinion**.
 - c. The audit disclosed **no audit findings relating to the Passenger Facility Charge Program**.

CITY OF LYNCHBURG, VIRGINIA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA

1.) 2016-001: Access Permission – Department of Social Services

Condition:

We noted one out of five terminated users tested did not have access privileges to all Virginia Department of Social Services systems removed within three working days of termination as required by the VDSS acceptable use policy.

Recommendation:

Steps should be implemented to insure that all terminated users are promptly removed from all necessary systems.

Management's Response:

Management understands the importance of removing access from terminated users in a timely manner. The appropriate steps have been implemented to ensure timely removal of access.

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

None.

E. FINDINGS AND QUESTIONED COSTS – PASSENGER FACILITY CHARGE PROGRAM

None.

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **2**

CONSENT:
ACTION:

REGULAR:
INFORMATION: **X**

WORK SESSION: **X**

CLOSED SESSION:
(Confidential)

ITEM TITLE: Annual Report from Horizon Behavioral Health Services

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☒ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☐ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Hear a presentation from Damien Cabezas, Chief Executive Officer of Horizon Behavioral Health Services.

SUMMARY: Horizon Behavioral Health Services is an external services provider for the City. The City is mandated to provide services provided by Horizon.

PRIOR ACTION(S): The FY 2017 contractual obligation for services from Horizon is \$457,323.

FISCAL IMPACT: None

CONTACT(S) Damien Cabezas, 477-5000

ATTACHMENT(S): None

REVIEWED BY: bms

177K



ABOUT HORIZON



OUR VISION is to provide behavioral healthcare services that are accessible, consumer centered, cost effective, and outcome-based.

OUR MISSION is to support and promote the health, independence and self-worth of individuals and families in Central Virginia by providing a continuum of community-based prevention, early intervention, aftercare, and psychosocial rehabilitation services for persons affected by mental health, intellectual disabilities, substance abuse and co-occurring disorders.

PORTFOLIO OF SERVICES:

Admission ~ Outpatient ~ Emergency ~ Housing & Nursing ~ Intensive ~ Case Management ~ School Based ~ Psychiatric

OUR HORIZON BEHAVIORAL HEALTH BOARD:

15 members ~ Representing 5 localities ~ college professors, mental health counselors, entrepreneurs, former military, former principal

ABOUT HORIZON



Established in 1969

In FY16

TOTAL SERVED: 15,915

Total Employees: 750

Total Locations: 54



HORIZON WELLNESS CENTERS IN LYNCHBURG



- HORIZON WELLNESS CENTER @
COURT STREET
- HORIZON WELLNESS CENTER @
LANGHORNE
- HORIZON WELLNESS CENTER @
LANDOVER

FY 2016

TOTAL CLIENTS WHO RESIDE IN LYNCHBURG: 4,072
Clients served at the Lynchburg Wellness Centers: 10,128

Emergency Services



- **CIT (Crisis Intervention Team) team in collaboration with police department**
- **Pre-screenings**
- **Forensic Services**
 - **Jail**
 - **Detention**
 - **Competency to stand trial evaluations**
 - **Sexual Offender treatment**
 - **NGRI Assessment (Not guilty by Reason of Insanity)**

Case Management



- **Mental Health**
- **Substance Abuse**
- **Intellectual Disability**
- **Developmental Disability**
- **Medicaid Waivers**



Service Priority:

- **Mentoring, Linking, Collaboration, and on-going assessment**

Outpatient Services



- **Prevention**
- **Family, Individual, and Group Therapy**
- **Intensive Outpatient Programs – SA**
- **Psychosocial Rehabilitation**
- **Mental Health Supports**
- **Crisis Stabilization - Residential**



Intensive Services



- **PACT – Program for Assertive Community Treatment**
- **Intensive In-Home**
- **Crisis Intervention**
- **Crisis Stabilization – Outpatient**



Psychiatric Services



- **Evaluations**
- **On-going Medication Monitoring**
- **Medical Oversight of Residential and Detox programs**



Nursing/ Housing Services

- **Intermediate Care Facilities for individuals with ID (8 homes)**
- **Group Homes for individuals with ID (2 homes)**
- **Detox Unit – Substances**
- **Nursing services across programs**



School Based Services



- **Therapeutic Day Treatment in Lynchburg, Amherst, Bedford, and Campbell schools**
- **Specialized therapeutic day treatment program for children removed from school**



EVIDENCE BASED PROGRAMS



- Autism Diagnostic Observation Schedule
- Anger Management: Keeping Your Cool
- Motivational Enhancement Therapy
- Cognitive Behavioral Therapy
- Family Support Network
- Applied Behavior Analysis
- Bridges Out of Poverty
- Kindred Homes – Treatment Foster Care Oregon
- Eye Movement Desensitization and Reprocessing

- Parents As Teachers Program
- Attachment-Based Family Therapy
- Cognitive Behavior Mental Health Therapy
- Lions Quest: Positive Life Skills
- Promoting Alternative Thinking Strategies (PATH)
- Adolescent Community Reinforcement Approach/ Assertive Continuing Care
- Dialectical Behavior Therapy
- Medlin
- Positive Action

OUR CONTINUUM OF CARE



All students and families who participate in Horizon TDT have access to:

- Expedited appointments with Horizon's psychiatrists and psychologists
- Expedited referrals to Horizon's Crisis Intervention, Crisis Stabilization, and Case Management services
- 24-hour Emergency services
- Applied Behavioral Analysis consultations with a BCBA
- Disaster Relief Team (mental health support and grief counseling following traumatic events)



HORIZON SUCCESS

ELLA'S STORY

Ready to make a difference



Ella Range has spent her life taking care of others, as a nurse, a mom, a grandmother, an active member of her church and as a volunteer at the local food pantry. However, about five years ago, when she began showing signs of anxiety and depression, she had no idea how to take care of herself.

At her lowest point, Ella was looking down from her balcony contemplating a life-ending jump. She picked up the phone and called Horizon.

"They answered and I said 'I'm in trouble.' The person on the other end of the phone said, 'can you get to (Horizon Wellness Center at Court Street)?' I ran all the way there crying." Ella says she was cared for in the Crisis Stabilization Unit for about a week. Her life was beginning to turn around after roughly three years of fighting a battle she felt like she would never win.

Her first panic attack happened on the way to work one night five years ago. She was rushed to the hospital, examined and sent home. However, soon she found herself back at the hospital and was admitted to the adult psychiatric ward. Her family, a highly religious group, didn't recognize mental illness at all. They called Ella "crazy." She was alone. "You're physically hurt. Your body aches. You can't shut your mind down. It can be like putting your head in a box with a strobe light in it and you cannot turn it off."

After her stay in the hospital she was connected to Horizon, where she saw a Case Manager and a psychiatrist. But she wasn't always compliant with her treatment. She would relapse on occasion. She didn't feel like she was getting any better. As Ella says her Case Manager never gave up on her. "She would say 'you are going to get better.' Even when I gave up on myself, she never gave up on me."

And then one day, she happened to hear a speech by a Horizon employee who was talking about accountability. "She said, you have to take responsibility for your own health. Finally, something clicked." Ella, was ready to stand up and fight.

For the past two years, Ella has made tremendous strides to keep her panic attacks at bay. She still has her bad days, but she isn't alone. Her case manager is there to help her through. And her new husband is always there to help as well. "I couldn't do this without him," says newlywed Ella. "He recognizes my symptoms before I do."

Ella now says she has a new fight on her hands. "My purpose is to pay it forward because people need to know about this." She says not enough people know how to identify and treat their mental health symptoms. "Horizon not only helped me by providing doctors and nurses, they helped me gain normalcy. They literally saved my life." She shares her story with anyone willing to listen, providing to others the hope that she struggled so long to find. "If I can save one person's life, I feel like I will have done something."

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **3**

CONSENT:
ACTION: **X**

REGULAR:
INFORMATION:

WORK SESSION: **X**

CLOSED SESSION:
(Confidential)

ITEM TITLE: Zoning Ordinance Amendments

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☒ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☒ Land Use	☐ Lifelong Learning	☒ Natural Resources
☒ Neighborhoods	☐ Safe Community	☐ Social Equity	☐ Transportation
			☒ Administrative

RECOMMENDATION: Approval of the Zoning Ordinance amendments.

SUMMARY: City Council adopted the Zoning Ordinance on February 23, 2016. As discussed during the Zoning Ordinance revision process, clarifications and corrections may be necessary as staff, the development community and citizens start working with the document. On July 13, 2016, the Planning Commission directed City staff to correct and clarify sections of the Zoning Ordinance found to be unclear during the first few months of use.

The attached City of Lynchburg, Zoning Ordinance Corrections / Clarifications 2016 Summary of Changes, outlines the Zoning Ordinance Section, each proposed change and reasons for the proposed change.

Noteworthy changes include:

1. Relaxing parking setbacks in the B-3, Community Business District, to only require parking behind the front building line (Summary of Changes page 2);
2. Applying the district-wide forty (40) foot setback to limited access highways in the Scenic Corridor Overlay District (Summary of Changes page 2);
3. Improving the Cluster Subdivision Ordinance by reducing setbacks to 50% of the underlying base zoning district, including minimum lot width and setback requirements, and clarifying that lot coverage requirements do not apply in cluster subdivisions, to make this development pattern more feasible (Summary of Changes page 4); and
4. Simplifying single-household density requirements in the R-3, Medium Density Residential District, and R-4, High Density Residential District to make them consistent with good zoning practice. Proposed language
 - Reduces the minimum lot size in the R-4 district to match the R-3 district (Summary of Changes page 5 and 14);
 - Removes the confusing dwellings per acre requirements (Summary of Changes page 5, 13 and 14);
 - Clarifies when accessory dwellings are permitted in the R-3 district (Summary of Changes page 5 and 13); and
 - Allows detached units on lots that previously only permitted semi-detached units. (Summary of Changes page 5 and 13)

PRIOR ACTION(S):

February 23, 2016: City Council adopted the Zoning Ordinance

July 13, 2016: Planning Commission initiated corrections and clarifications to the Zoning Ordinance

October 12, 2016: Planning Commission recommended approval (6-0, with 1 vacancy) of the Zoning Ordinance amendments

November 8, 2016: City Council conducted a public hearing on the proposed corrections and tabled the item to the next Work Session for additional discussion.

FISCAL IMPACT: N/A

CONTACT(S): Anne Nygaard, Planner II – 455-3900
Tom Martin, City Planner – 455-3900
Kent White, Director of Community Development – 455-3900

ATTACHMENT(S):

- Summary of Changes
- Ordinance
- Planning Commission Minutes – October 12, 2016
- Planning Commission Memorandum – October 12, 2016

REVIEWED BY: bms

168K



City of Lynchburg ZONING ORDINANCE CORRECTIONS/CLARIFICATIONS 2016

Summary of Changes

Lynchburg's Zoning Ordinance, City Code Section 35.2, was adopted by City Council on February 23, 2016. On July 13, 2016, Planning Commission initiated the process of correcting and clarifying sections of the ordinance staff had found to be unclear during the first few months of use. This document contains a list of the proposed corrections/clarifications with a summary of why they are necessary. Following the list, changes are summarized by each zoning district.

List of Corrections

SECTION # page #
(approx.)

ORDINANCE CHANGE

WHY?

Submittal Requirements
Exhibit II-16 p49

Parcel lines and dimensions (metes and bounds illustrated for rezonings)

Concept	Final
✓	✓

Current policy was not reflected in code text and staff needs the area being rezoned illustrated on the concept plan for mapping zone changes.

Determination of Boundaries
35.2-33.1(b) p60

(b) Boundaries indicated as approximately following the centerlines of streets, alleys or other public rights-of-way shall be construed to follow such centerlines. Where the street, alley or right-of-way has been vacated through official action of the governing body, the adjacent zoning district boundary shall be ~~construed~~ reconfigured to follow the centerline of the vacated right-of-way.

Section was not clear for how to handle right-of-way vacations and apply zoning to previously unzoned land.

B-3 District Development Standards
35.2-46.4 (d) p107

(d) **Parking.** Parking areas shall be set back at least twenty (20) feet from front or exterior side property lines or set behind the front building line on all street frontages.

The 20' setback was maintained for parking to encourage developers to build closer to the street. If the building is situated close to the street, parking should be allowed to the side

Scenic Corridor Development Standards
35.2-56.7 (a) p175

(a) **Setbacks.** The minimum building and parking setbacks are established at forty (40) feet for lots abutting the public street on which the scenic corridor overlay district is centered. This setback shall be measured from the right-of-way line shared by the lot and the public street on which the scenic corridor overlay district is centered. This provision shall not be applicable to limited access highways.

This provision was not necessary under the previous zoning ordinance because there was a City-wide 50' setback from all limited access highways. The 50' setback was removed during the update and inadvertently affects development in the Scenic Corridor.

Utility Screening
35.2-63.9(e)6. p220

6. Dumpsters shall be enclosed with a wood or vinyl fence or a masonry wall constructed of the same materials as the principal structure. The fence or wall enclosure shall screen the dumpster and be at least six (6) feet and no more than eight (8) feet in height.

The City has always allowed wood and vinyl screening for dumpsters.

List of Corrections

SECTION #	page # (approx.)	ORDINANCE CHANGE	WHY?
<i>Home Occupations</i> 35.2-71.4 (b) 6.	p254	6. Not have any outside storage of goods or equipment <u>other than one (1) business vehicle and one (1) trailer per lot, providing said trailer is located behind the building line of the main structure on the property and it is not over twenty-two (22) feet in length or eight (8) feet, nine (9) inches in height;</u>	Read literally, this sounds like no business vehicles are permitted. Including this language codifies a long-term interpretation from the Zoning Administrator and applies same standards recreational vehicles have.
<i>Farm Animals</i> 35.2-71.7	p257	• Enclosures, <u>not including fences, are</u> required and must to be located at least 200 feet from any property line	“Enclosures” could be interpreted to include fences. If so, then they would be required to be set back 200’, which was not the intent of the ordinance. This does remove the requirement for enclosures for large farm animals.
<i>Temporary Outdoor Promotional Activities</i> 35.2-72.23(c)4.	p277	1. Such a permit shall be issued only for use within the B-3, B-4 or B-5 districts. 4. No such attraction shall be located less than one hundred fifty (150) feet of the nearest lot line of any adjacent dwelling, <u>except multi-household or mixed use residential structures.</u>	Permitted uses are outlined in the matrices for each district and this requirement conflicts with permitted uses for certain development patterns like Traditional Neighborhood Developments (TNDs) that allow uses of the B-3 district. Requirement inadvertently prohibits these events in mixed use areas.

List of Corrections

SECTION # page #
(approx.)

ORDINANCE CHANGE

WHY?

Cluster Subdivisions
35.2-80.4 and
Exhibit VIII-1

p294

Unless otherwise provided in this section, cluster development shall comply with regulations of the applicable zoning district governing **setbacks**, height, parking, landscaping, signs, lighting, access and public improvements.

Exhibit VIII-1: Standards for Single-Household and Duplex Clusters

Design Element	Standards
Minimum Size of Cluster Development	2 acres
Minimum Lot Area	50% of minimum lot area for applicable zoning district, Maximum lot coverage shall not apply
Minimum Lot Width	50% of minimum lot width for applicable zoning district, not to be reduced below 30 feet
Minimum Lot Width if Abutting a Conforming Single Family or Duplex Use Zoned R-1 or R-2	80% of the minimum lot width for the district, applicable to the abutting lot, unless the lots are separated by an open space area measuring at least 50 feet in width
Setbacks	50% of setback for applicable zoning district except that side setbacks shall not be less than 5 feet
Minimum Open Space	30%

- Requiring base district setbacks and lot coverage requirements reduced the buildable area below what is practical.
- Changes establish setbacks as 50% of the base district setback, except that side setbacks will not be below 5'.
- Lot width was addressed because in R-4 district clusters lots could be as narrow as 25', which is below what is practical for building single-household dwellings, so a standard was set to a minimum of 30'.

Large Scale Retail
35.2-84.6 (g)

p309

(g) In all parking areas that are in excess of that required by section 35.2-62 et. seq., off-street parking and loading shall implement practices that will allow twenty-five percent (25%) of the stormwater attributable to the parking area **for the 1-year storm** to infiltrate to the soil below. **In cases where soil quality or other limiting factors will not allow for adequate infiltration, filtering practices with underdrains may be used as an alternative, subject to approval by the Zoning Administrator.**

This was carried over from the previous zoning ordinance, but is difficult to interpret under current stormwater regulations. Provisions provide enough detail to enforce the requirement and provide an alternative when a site has poor soil quality.

Violations
35.2-102.1(b)-(d)

p339

Language capping the amount of time that can be given to correct a violation at 15 days was removed. The Zoning Administrator may establish a "reasonable time period" instead.

This was a City-imposed restriction on the amount of time given to correct a violation. It is impractical, especially when the appeal period is set at 30 days and a violator could appeal after the allowed 15 days.

List of Corrections-Article IV

SECTION #	page # (approx.)	ORDINANCE CHANGE	WHY?
Table of Authorized Uses 34.1 (Article III)	p61	"...This Zoning Ordinance uses structure eat codes for certain residential uses (<u>indicated with "S" next to code number</u>) and function codes for other uses."	Clarified that structure codes are identified with an "S" at the end of the code number.
Permitted Use Matrices throughout ordinance		1. Revised Land Based Classification System (LBCS) codes for private residential uses as described in section 34.1 with structure codes as opposed to functional codes. 2. Added LBCS 1201S, to allow mixed use with any number of units in business districts. 3. Added definitions of uses to matrices for clarity	• The ordinance already called for structure codes to be used in 34.1, but they inadvertently were not. • Needed to include a "mixed use" category to clearly allow mixed use buildings of all types, not just ones with 3 or more units. • Definitions included for ease of use.
Ground Floor Residential 45.3 (e) (B-1) 46.3 (g) (B-3) 48.3 (f) (B-5)	p97 p106 p129	Clarified district use standards language to say that residential uses permitted by CUP do not require a mixed use component	The ordinance encourages mixed use, but if a standalone residential use is established by Conditional Use Permit, it can be assumed it has been adequately vetted.
Lot Width Requirements Exhibit IV-2 (R-C) Exhibit IV-4 (R-1) Exhibit IV-6 (R-2) Exhibit IV-8 (R-3) Exhibit IV-10 (R-4) Exhibit IV-14 (B-1)	p69 p74 p79 p84 p89 p98	Clarified that lot width requirements apply to both the setback line and the front property line.	Interpreted literally, it looks like a lot could have no frontage requirement as long as it met lot width at the setback line. This could lead to irregularly shaped lots, too many driveways, and in-cohesive neighborhood design.
R-3, R-4 Dev. Standards 35.2-43.4 (b) Exhibit IV-10 (R-4)	p83 p89	Corrected R-3 and R-4 lot size and density requirements to 1) allow detached dwellings on 4,000 square foot lots, 2) clarify that accessory units are not permitted on small lots in R-3 and 3) reduce the minimum lot size in R-4 to match R-3	• Detached dwellings can be built on 4,000 square foot lots and it seemed unnecessary to prohibit them. • Allowing accessory dwellings on small lots increased the density beyond what was permitted • R-4 required larger lots than R-3.

Changes by District

B-1, Limited Business District

(p91)

what changed

Exhibit IV-12: Authorized Uses in B-1 District

Land Use	LBCS #	Description	Approval Type
single-household detached	1111S	Typical single-household dwelling	P
modular home	1114S	<u>A prefabricated home without axles or frames (see definitions)</u>	P
Two-household (duplex)	1121S	<u>A building located on one (1) zoning lot containing not more than two (2) dwelling units</u>	C
single-household attached (townhouse)	1113 1140S	Each unit on a separate lot; fire wall may protrude from roof or roofs may be staggered	C
Three or More Households <u>(allowed only as part of a mixed-use development)</u>	1130 1200S	Includes triplexes, four-plexes, and other multi-household dwellings	<u>PC</u>
<u>Mixed-use residential structures (see district regulations for limitations)</u>	1201S	<u>Typically commercial uses on lower floors and residential uses on upper floors</u>	<u>P</u>

- added structure codes
- added descriptions for residential uses
- added LBCS 1201S to allow mixed use with any number of units
- clarified that lot width applies at front property line as well as at the setback line
- clarified that residential uses permitted by CUP are not required to have a mixed use component.

Exhibit IV-14: Summary of B-1 Development Standards

Design Element	Standards	Section Cross-Reference
Maximum height	40'	35.2-61.2
Minimum front setback from right-of-way (dimension A)	0'	35.2-61.3
Minimum side setback, interior (dimension B)	0'	35.2-61.3
Minimum side setback, exterior (dimension C)	0'	35.2-61.3
Minimum rear setback (dimension D)	25'	35.2-61.3
Minimum lot width at <u>front property line and front setback line</u> (dimension E)	50'	35.2-61.4
Minimum lot depth (dimension F)	100'	35.2-61.4
Minimum lot area (square feet)	6,000 with 1,000 sq.ft. of lot area per dwelling unit or boarding unit	35.2-61.4

A - Front setback
B - Interior side setback
C - Exterior side setback
D - Rear setback
E - Minimum lot width
F - Minimum lot depth

Letters in drawing to the left correspond with dimensions cited in the design element column

45.3 (e) Excepting authorized single household ~~homes~~ dwelling and other residential uses permitted by conditional use permit, ground floor residential uses shall be prohibited except when part of a mixed-use building where the residential access is taken from an urban collector or local street.

Changes by District

B-3, Community Business District (p99)

what changed

Land Use	LBCS #	Description	Approval Type
single-household detached	1111 S	Typical single-household dwelling	P
modular home	1114 S	<u>A prefabricated home without axles or frames (see definitions)</u>	P
Two-household (duplex)	1121 S	<u>A building located on one (1) zoning lot containing not more than two (2) dwelling units</u>	C
single-household attached (townhouse)	1113 1140 S	Each unit on a separate lot; fire wall may protrude from roof or roofs may be staggered	C
Three or More Households (allowed only as part of a mixed-use development)	1130 1200 S	Includes triplexes, four-plexes, and other multi-household dwellings	PC
<u>Mixed-use residential structures (see district regulations for limitations)</u>	1201 S	<u>Typically commercial uses on lower floors and residential uses on upper floors</u>	<u>P</u>

- added structure codes
- added descriptions for residential uses
- added LBCS 1201S to allow mixed use with any number of units
- clarified that residential uses permitted by CUP are not required to have a mixed use component
- reduced setback for parking if building is close to the street

46.3 (g) Except authorized single household dwellings and other residential uses permitted by conditional use permit, ground floor residential uses shall be prohibited except when part of a mixed-use building where the residential access is taken from an urban collector or local street.

46.4 (d) Parking. Parking areas shall be set back at least twenty (20) feet from front or exterior side property lines or set behind the front building line on all street frontages.

Changes by District

B-4, Urban Commercial District

(p108)

what changed

Exhibit IV-17: Authorized Uses in B-4 District

Land Use	LBCS #	Description	Approval Type
single-household attached (townhouse)	1113 1140S	Each unit on a separate lot; fire wall may protrude from roof or roofs may be staggered	P
Three or More Households Multi-household structures	1130 1200S	Includes triplexes, four-plexes, and other multi-household dwellings	P
Mixed-use residential structures (see district regulations for limitations)	1201S	Typically commercial uses on lower floors and residential uses on upper floors	<u>P</u>

- added structure codes
- added descriptions for residential uses
- added LBCS 1201S to allow mixed use with any number of units

Changes by District

B-5, General Business District

(p119)

what changed

Exhibit IV-19: Authorized Uses in B-5 District

Land Use	LBCS #	Description	Approval Type
single-household detached	1111 S	Typical single-household dwelling	C
modular home	1114 S	<u>A prefabricated home without axles or frames (see definitions)</u>	C
manufactured home	1115 S	<u>A structure, transportable in one (1) or more sections, built after 1978 on a permanent chassis, and designed for use with or without a permanent foundation when connected to the required utilities (see definitions)</u>	C
Two-household (duplex)	1121 S	<u>A building located on one (1) zoning lot containing not more than two (2) dwelling units</u>	C
single-household semi-detached	1112 1122 S	One of two dwellings separated by a party wall, <u>on abutting lots</u>	C
single-household attached (townhouse)	1113 1140 S	Each unit on a separate lot; fire wall may protrude from roof or roofs may be staggered	C
Three or More Households	1130 1200 S	Includes triplexes, four-plexes, and other multi-household dwellings	C
<u>Mixed-use residential structures (see district regulations for limitations)</u>	1201 S	<u>Typically commercial uses on lower floors and residential uses on upper floors</u>	<u>P</u>

- added structure codes
- added descriptions for residential uses
- added LBCS 1201S to allow mixed use with any number of units
- clarified that residential uses permitted by CUP are not required to have a mixed use component

48.3 (f) Except residential uses specifically permitted by conditional use permit, ground floor residential uses shall be prohibited except when part of a mixed-use building where the residential access is taken from an urban collector or local street.

Changes by District

R-C, Resource Conservation District

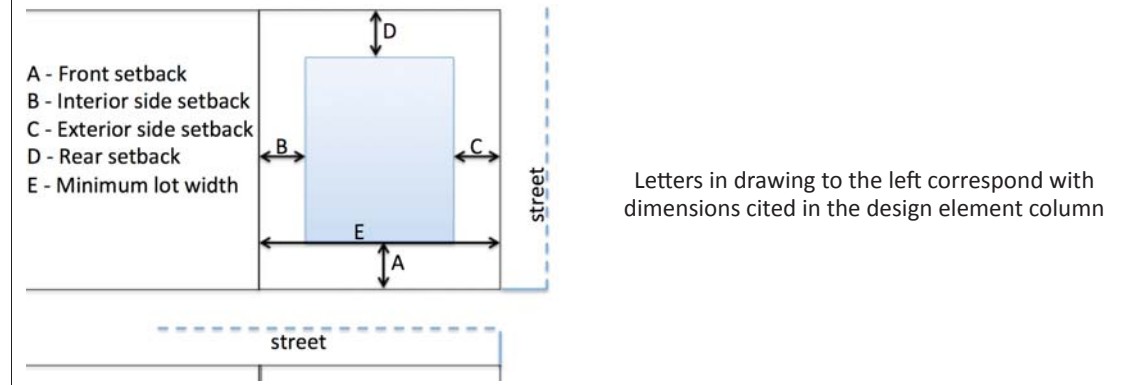
(p65)

what changed

Exhibit IV-2: Summary of R-C Development Standards

Design Element	Standards	Cross-Reference
Maximum Height	see paragraph (a) above	35.2-61.2
Minimum front setback (dimension A)	50'	35.2-61.3
Minimum side setback, interior (dimension B)	50'	35.2-61.3
Minimum side setback, exterior (dimension C)	50'	35.2-61.3
Minimum rear setback (dimension D)	50'	35.2-61.3
Minimum lot width at <u>front property line and</u> front setback line (dimension E)	150'	35.2-61.4
Minimum lot area	10 acres per dwelling and 5 acres per dwelling unit or boarding unit	35.2-61.4
Maximum lot coverage	10%	35.2-61.4

- clarified that lot width applies at front property line as well as at the setback line
- clerically, permitted use matrix will be changed to reflect structure codes and use descriptions



Changes by District

R-1, Low Density Residential District

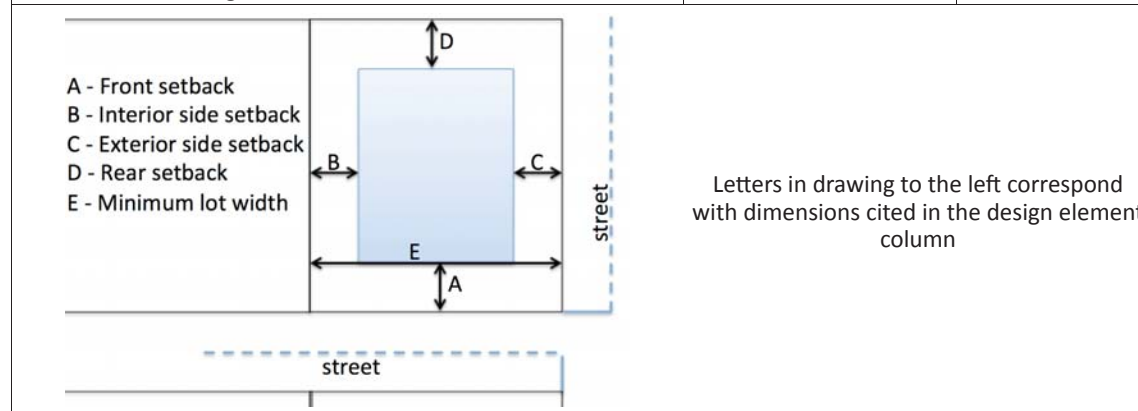
(p69)

what changed

Exhibit IV-4: Summary of R-1 Development Standards

Design Element	Standards	Cross-Reference
Maximum Height	40'	35.2-61.2
Minimum front setback (dimension A)	40'	35.2-61.3
Minimum side setback, interior (dimension B)	15'	35.2-61.3
Minimum side setback, exterior (dimension C)	40'	35.2-61.3
Minimum rear setback (dimension D)	50'	35.2-61.3
Minimum lot width at <u>front property line and</u> front setback line (dimension E)	100'	35.2-61.4
Minimum lot area (square feet)	15,000, and 7,500 per dwelling unit or boarding unit	35.2-61.4
Maximum net density (dwelling units per acre/dwelling units per acre including accessory dwelling units and boarding units)	2.90/5.80	35.2-61.4
Maximum lot coverage	20%	35.2-61.4

- clarified that lot width applies at front property line as well as at the setback line
- clerically, permitted use matrix will be changed to reflect structure codes and use descriptions



Changes by District

R-2, Low-Medium Density Residential District

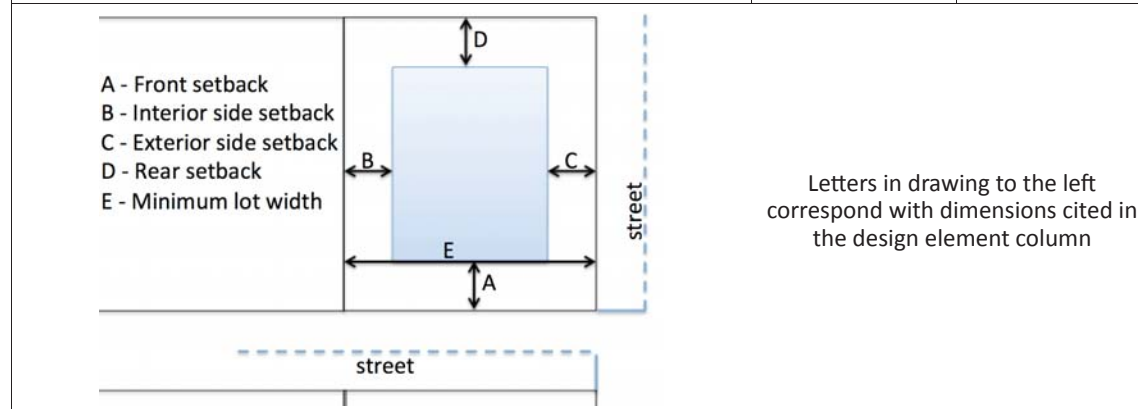
(p74)

what changed

Exhibit IV-6: Summary of R-2 Development Standards

Design Element	Standards	Cross-Reference
Maximum height	40'	35.2-61.2
Minimum front setback (dimension A)	30'	35.2-61.3
Minimum side setback, interior (dimension B)	8'	35.2-61.3
Minimum side setback, exterior (dimension C)	30'	35.2-61.3
Minimum rear setback (dimension D)	30'	35.2-61.3
Minimum lot width at <u>front property line and</u> front setback line (dim E)	75'	35.2-61.4
Minimum lot area (square feet)	10,000, with 5,000 per boarding unit	35.2-61.4
Maximum net density (dwelling units per acre/dwelling units per acre including accessory and boarding units)	4.35/8.7	35.2-61.4
Maximum lot coverage	20%	35.2-61.4

- clarified that lot width applies at front property line as well as at the setback line
- clerically, permitted use matrix will be changed to reflect structure codes and use descriptions



Changes by District

R-3, Medium Density Residential District

(p79)

what changed

43.4 (b) Semi-detached or Detached Dwellings. For semi-detached or detached dwellings, the minimum lot area shall be 4,000 square feet and the minimum lot width shall be thirty (30) feet. The minimum side setback shall be five (5) feet except that there is no minimum side setback required along the party wall between adjoining units (see illustration below). Semi-detached or detached dwellings located on lots less than eight thousand (8,000) square feet are not permitted accessory units.

Semi-detached Dwellings

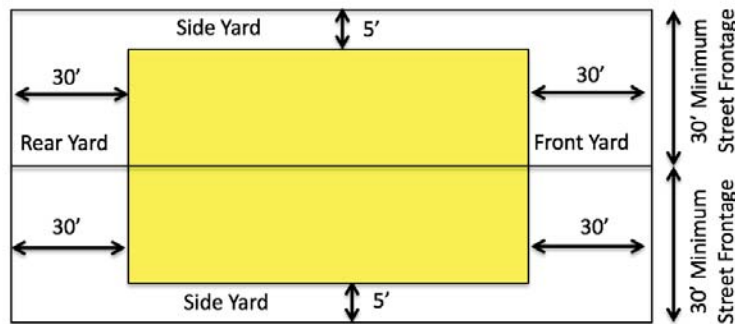


Exhibit IV-8: Summary of R-3 Development Standards

Design Element	Standards	Cross-Reference
Maximum height (see paragraph (a) above)	40'	35.2-61.2
Minimum front setback (dimension A)	30'	35.2-61.3
Minimum side setback, interior (dimension B)	5'	35.2-61.3
Minimum side setback, exterior (dimension C)	30'	35.2-61.3
Minimum rear setback (dimension D)	30'	35.2-61.3
Minimum lot width at front property line and front setback line (dimension E)	60', 30' per 43.4(b)	35.2-61.4
Minimum lot size (square feet) - see paragraphs a and b of this section for additional standards	4,000 per dwelling unit or boarding unit (also see paragraphs (b) & (c) above)	35.2-61.4
Maximum net density (dwelling units per acre /dwelling unit or boarding units per acre)	5.45 /10.89	35.2-61.4
Maximum lot coverage	30%	35.2-61.4

- changed to allow detached dwellings on small lots like semi-detached dwellings are. These houses will be like the detached dwellings in Traditional Neighborhood Developments (TNDs) like Wyndhurst.
- clarified that lots less than 8,000 square feet are not permitted accessory units
- removed 5.45 dwelling units per acre requirement because of confusion. It referred to the number of residential structures per acre, but is unnecessary and incorrect if we permit detached dwellings on small lots
- clarified that lot width applies at front property line as well as at the setback line
- clerically, permitted use matrix will be changed to reflect structure codes and use descriptions

****In the future, consider:**

- limiting the number of driveways in small lot subdivisions
- allowing townhouses by right instead of requiring a Conditional Use Permit (CUP)

Changes by District

R-4, High Density Residential District

(p84)

what changed

Exhibit IV-10: Summary of R-4 Development Standards

Design Element	Standards	Cross-Reference
Maximum Height	40'	35.2-61.2
Minimum front setback from right-of-way (dimension A)	30'	35.2-61.3
Minimum side setback, interior (dimension B)	5'	35.2-61.3
Minimum side setback, exterior from right-of-way (dimension C)	30'	35.2-61.3
Minimum rear setback (dimension D)	25'	35.2-61.3
Minimum lot width at front property line and front setback line (dimension E)	50', <u>30' for detached or semi detached dwellings</u>	35.2-61.4
Minimum lot size (square feet)	<u>64,000</u> , with 2,000 for each dwelling unit or boarding unit	35.2-61.4
Maximum net density (dwelling units per acre /dwelling unit or boarding units per acre)	7.26 /21.78	35.2-61.4
Maximum lot coverage	30%	35.2-61.4

A - Front setback
 B - Interior side setback
 C - Exterior side setback
 D - Rear setback
 E - Minimum lot width

Letters in drawing to the left correspond with dimensions cited in the design element column

- changed to allow semi-detached or detached dwellings on small lots like in the R-3 district
- reduced minimum lot size to match R-3, accessory dwellings are permitted on all lots in R-4 districts
- removed 7.26 dwelling units per acre requirement because of confusion. It pertained to 6,000 square foot lots
- clarified that lot width applies at front property line as well as at the setback line
- clerically, permitted use matrix will be changed to reflect structure codes and use descriptions

****In the future, consider:**

1. limiting the number of driveways in small lot subdivisions
2. allowing townhouses by right instead of requiring a Conditional Use Permit (CUP)

ORDINANCE:

AN ORDINANCE TO AMEND AND REENACT THE CODE OF THE CITY OF LYNCHBURG, 1981 BY AMENDING ZONING ORDINANCE SECTIONS:

- 35.2-14.2, SITE PLANS
- 35.2-33.1, DETERMINATION OF BOUNDARIES
- 35.2-34, AUTHORIZED USES
- 35.2-40, CONSERVATION DISTRICT (R-C)
- 35.2-41, LOW DENSITY RESIDENTIAL DISTRICT (R-1)
- 35.2-42, LOW-MEDIUM DENSITY RESIDENTIAL DISTRICT (R-2)
- 35.2-43, MEDIUM DENSITY RESIDENTIAL DISTRICT (R-3)
- 35.2-44, HIGH DENSITY RESIDENTIAL DISTRICT (R-4)
- 35.2-45, LIMITED BUSINESS DISTRICT (B-1)
- 35.2-46, COMMUNITY BUSINESS DISTRICT (B-3)
- 35.2-47, URBAN COMMERCIAL DISTRICT (B-4)
- 35.2-48, GENERAL BUSINESS DISTRICT (B-5)
- 35.2-56.7, SCENIC CORRIDOR DEVELOPMENT STANDARDS
- 35.2-63.9, UTILITY SCREENING
- 35.2-71.4, HOME OCCUPATIONS
- 35.2-71.7, FARM ANIMALS
- 35.2-72.23, TEMPORARY USES
- 35.2-80, RESIDENTIAL CLUSTER SUBDIVISIONS
- 35.2-84, RETAIL ESTABLISHMENTS, LARGE SCALE
- 35.2-102, VIOLATIONS, ENFORCEMENTS AND PENALTIES

BE IT ORDAINED BY THE CITY OF LYNCHBURG that in order to promote the public necessity, convenience, welfare and good zoning practice, to plan for future development of the City as recommended by the Comprehensive Plan 2013-2030 that:

1. Sections, 35.2-14.2, 35.2-33.1, 35.2-34, 35.2-40, 35.2-41, 35.2-42, 35.2-43, 35.2-44, 35.2-45, 35.2-46, 35.2-47, 35.2-48, 35.2-56.7, 35.2-63.9, 35.2-71.4, 35.2-71.7, 35.2-72.23, 35.2-80, 35.2-84, and 35.2-102 are hereby amended and reenacted as follows:

35.2-14.2 Site Plans

Exhibit II-16: Concept and Final Site Plan Application Submittal Requirements

Application Submittal Requirements	Concept	Final
Completed application form	✓	✓
Name and address of petitioner	✓	✓
Name and address of person(s) preparing the site plan	✓	✓
A check payable to the City of Lynchburg in the amount set forth in the fee schedule adopted by City Council	✓	✓
Scale, north point, legends and date of last revisions	✓	✓

Application Submittal Requirements	Concept	Final
Vicinity map at a scale no smaller than one (1) inch equals six hundred (600) feet, showing all streets and property within one thousand (1,000) feet of the subject property;	✓	✓
A map showing the subject property (a copy of the valuation map available from the department of community development, City Hall)	✓	✓
Legal description of applicable property	✓	✓
Parcel lines and dimensions (<u>metes and bounds illustrated for rezonings</u>)	✓	✓
Existing zoning and use of adjacent properties	✓	✓
Current zoning boundaries, including surrounding areas to a distance of three hundred (300) feet		✓
Name and address of owners of record of all adjacent properties		✓
Location of buildings existing on the tract to be developed and on adjacent tracts within a distance of one hundred (100) feet, indicating whether existing buildings on the tract are to be retained, modified or removed		✓
Existing and proposed topography at 10 ft. contour intervals (<i>5 ft. contours required for concept plans for planned unit, cluster commercial, traditional neighborhood, or corporate campus developments</i>)	✓	
Proposed contour lines at 2 ft. contour intervals		✓
Locations of watercourses	✓	
Location of watercourses, marshes, rock outcroppings, wooded areas and single trees with a diameter of ten (10) inches measured three (3) feet from the base of the trunk		✓
Locations of regulatory floodplains and floodways		✓
Proposed dust control and phasing for erosion and sediment control measures	✓	
Generalized stormwater management measures	✓	
Final erosion and sediment control and stormwater management plans		✓
Location of existing and proposed utility lines, indicating where they already exist	✓	✓
Documentation (on plan) of capacity and availability of water, sanitary sewer, and stormwater facilities	✓	
Location of proposed water mains, fire hydrants, pipe sizes and grades		✓
Location of proposed storm and sanitary sewer systems, both surface and subsurface, showing pipe sizes, grade, flow and design loads		✓

Application Submittal Requirements	Concept	Final
Proposed location and materials for disposal of refuse and other solid waste;	✓	✓
Recreation and/or open spaces and proposed recreational improvements;	✓	✓
Proposed buildings and structures to include: a. Proposed Uses; b. Distance between buildings; c. Number of stories; d. Area in square feet of each floor; e. Number of dwelling units or guestrooms; and f. Maximum heights of structures	✓	✓
Elevations of buildings to be built or altered on site		✓
Proposed location and type of outdoor lighting	✓	
Location, design, direction of, power and time of use of outdoor lighting		✓
Location of proposed signs;	✓	
Location, size and design of proposed signs		✓
Location of outdoor storage areas	✓	
Location and screening details for outdoor storage areas		✓
Existing and proposed curb lines and sidewalks;	✓	
Proposed streets and other ingress and egress facilities (indicating curb lines, sidewalk lines and public right-of-way lines)		✓
Illustrative cross-sections of streets, showing the general distribution of space for various transportation modes and amenities	✓	
Detailed cross-sections and profiles of streets, showing full design specifications		✓
Layout of off-street parking, truck loading and paving details (<i>required for concept plan for any planned unit, cluster commercial, traditional neighborhood, or corporate campus development</i>)		✓
Location and type of proposed landscaping and specifically note any situation where requirements of landscape ordinance will not be met	✓	

Application Submittal Requirements	Concept	Final
Landscaping plan with the following information: a. The location, size, height at planting, and botanical name of all required landscaping b. The location, size, and botanical name of any existing landscaping proposed to be used or required to satisfy any portion of the landscaping ordinance c. The dimensions of all required landscape islands d. Calculations of the minimum landscape area and the number of plants required. e. A tree protection detail as specified in "STD & SPEC 3.38, Tree Preservation and Protection," in the 1992 edition of the Virginia erosion and sediment control handbook for all landscaping proposed or required to be preserved to satisfy the requirements of the landscaping ordinance. f. View Tree Protection Details g. A planting detail for all trees, shrubs, and ground cover used to satisfy the requirements of the landscaping ordinance. h. A planting, fertilization, and watering schedule for all trees, shrubs and or ground cover used to satisfy the requirements of the landscaping ordinance. The schedule shall cover a period of one (1) year after installation of the required landscaping. i. A description of soil amendments necessary to support the growth of all required trees and shrubs.		✓
Location of other existing and proposed site improvements, including drains, culverts, detention ponds, retaining walls and fences (<i>required for concept plans for any planned unit, cluster commercial or traditional neighborhood development</i>)		✓

Application Submittal Requirements	Concept	Final
For site plans prepared for approval of a Traditional Neighborhood Development (TND), the plans shall: a. Identify core areas, transitional areas, neighborhood edge areas and satellite areas, b. Identify the locations of proposed parks, squares, common open spaces and civic user sites; c. Tabulate the minimum and maximum dwelling units by residential type and the minimum and maximum non-residential square footage by type; d. Calculate the percentages of land area covered by the various land uses in compliance with section 35.2-82.4 (Permitted Uses in Traditional Neighborhood Developments) (ranges of percentages may be used for the concept plan e. Include written and illustrated set of guidelines that shall include dimensional and qualitative specifications for - Building height, setback, and bulk standards by land use type and general area; - Illustrations of proposed TND blocks showing potential mixes of uses and illustrative building, parking, and alley layouts (examples of the type of illustrations required are retained by the City Planner); - Descriptions and illustrations of screening/buffering/transitions to be provided between residential and commercial/service/industrial uses. - Standards for the landscaping and lighting of streets and off-street parking and loading areas and for screening of views of off-street parking and loading areas from public streets. - Architectural guidelines for all building types; such guidelines need not set specific floor plans or elevations, but shall describe in general the style and materials of buildings. f. Land use information including the acreage of each land use as well as the square footage of non-residential uses and the proposed number of development units by type; g. A written description of how the site plan demonstrates compliance with the applicable development pattern objectives; h. Architectural renderings of each structure type; i. A statement regarding the timing of construction of common or public facilities; and j. A general statement as to how parks, squares, common open spaces and common facilities are to be owned and maintained, and in particular which are to be public and dedicated to the City and which are to be private and maintained by a property owners association.	✓	✓

Application Submittal Requirements	Concept	Final
For site plans prepared for approval of planned unit, or cluster commercial), the plans shall include: a. Land use information including the acreage of each land use as well as the square footage of non-residential uses and the proposed number of development units by type; b. A written description of how the site plan demonstrates compliance with the applicable development pattern objectives; c. Architectural renderings of each structure type; d. A statement regarding the timing of construction of common or public facilities; and e. A general statement as to how parks, squares, common open spaces and common facilities are to be owned and maintained, and in particular which are to be public and dedicated to the City and which are to be private and maintained by a property owners association.	✓	✓

✓ = Required

35.2-33.1 Determination of Boundaries

Unless zoning district boundary lines are fixed by dimensions or otherwise clearly shown or described, and where uncertainty exists with respect to any zoning district boundary as shown on the official zoning map, the following rules shall apply:

- (a) Boundaries indicated as approximately following platted lot lines, section lines or tract lines shall be construed to follow such lines.
- (b) Boundaries indicated as approximately following the centerlines of streets, alleys or other public rights-of-way shall be construed to follow such centerlines. Where the street, alley or right-of-way has been vacated through official action of the governing body, the adjacent zoning district boundary shall be ~~construed~~ reconfigured to follow the centerline of the vacated right-of-way.
- (c) Boundaries indicated as following railroad lines shall be construed to be midway between the main tracks.
- (d) Boundaries indicated as approximately following City limit lines shall be construed to follow such City limit lines.
- (e) Boundaries indicated as following shorelines shall be construed to follow such shorelines and in the event of change in the shoreline shall be construed as moving with the actual shoreline.
- (f) Boundaries indicated as approximately following the centerlines of canals, streams or other bodies of water shall be construed to follow such centerlines.
- (g) Boundaries indicated as parallel to features described in paragraphs (a) through (f) above shall be construed as parallel to such features at the distance from the feature indicated on the zoning map. If a distance is not indicated on the zoning map, the distance shall be determined by the scale of the map.
- (h) If no distance, angle, curvature, description or other means is given to determine a boundary line accurately and the foregoing provisions do not apply, the same shall be determined by the Zoning Administrator by the use of the scale shown on said zoning map. In case of subsequent dispute, the matter shall be referred to the Board of Zoning Appeals, which shall determine the boundary.

35.2-34.1 Tables of Authorized Uses Established

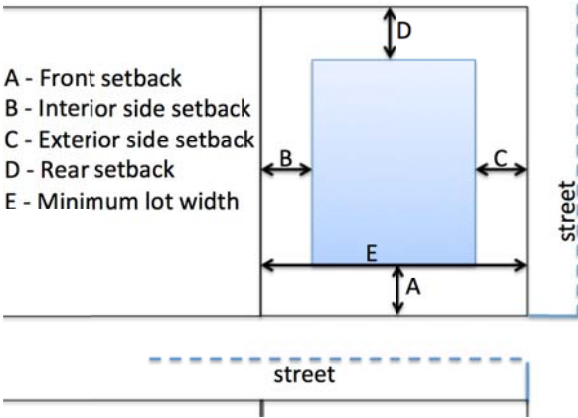
Land uses within this Zoning Ordinance are arranged in accordance with the Land Based Classification Standards (LBCS) developed under the leadership of the American Planning Association (see <https://www.planning.org/lbcs/background/> for detailed documentation of this classification system). LBCS was developed to replace a variety of other coding system by focusing on structure type, function, activity, site or ownership. This Zoning Ordinance uses structure~~ea~~ codes for certain residential uses (indicated with “S” next to code number) and function codes for other uses.

Exhibits in the regulations for each district list the principal uses authorized within each zoning district established in section 35.2-32. Appendix A includes the entire matrix for all zoning districts. Uses are arranged in accordance with the LBCS, which shall be used to define land uses unless otherwise defined in Article XI of this Zoning Ordinance. All uses are subject to the procedures and standards of this Zoning Ordinance and other applicable rules and regulations.

- (a) **LBCS Hierarchy.** The LBCS function codes establish a four-digit hierarchy of uses with digits to the right expressing greater specificity. Where no entry appears in the zoning district columns (for example 1000, 1100 and 1110), the uses described more specifically in the rows below (1111 and 1112 in the above example) indicate whether or not a specific use is authorized. Where an entry appears in the zoning district columns for a general use (for example 2520) and also for a more specific use (for example 2521) within the same classification, the more specific code and its entry shall govern.
- (b) **Permitted Uses.** A “P” indicates the listed use is allowed by right within the respective zoning district subject to issuance of a permit in accordance with established procedures. *Some permitted uses are subject to specific conditions established in the Zoning District Use Standards in Articles Iv and V or other Specific Land Use Standards in Article VII, or elsewhere in this Zoning Ordinance.*
- (c) **Conditional Uses.** A “C” indicates the listed use is allowed within the respective zoning district only after approval of a Conditional Use Permit.
- (d) **Prohibited Uses.** Unlisted uses are prohibited within the respective zoning district unless specifically authorized through approval of a planned unit development, cluster commercial development, traditional neighborhood development or corporate campus.
- (e) **Accessory Uses.** Uses that are secondary and customarily accessory to the principal uses are addressed in section 35.2-71 (Accessory Structures and Uses) and zoning district use regulations.

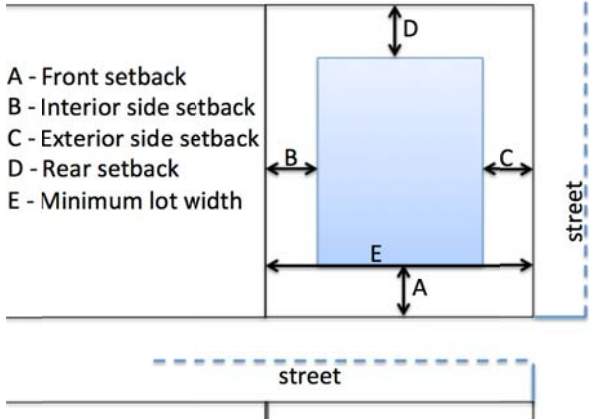
35.2-40.4 R-C District Development Standards

Exhibit IV-2: Summary of R-C Development Standards

Design Element	Standards	Cross-Reference
Maximum Height	see paragraph (a) above	35.2-61.2
Minimum front setback (dimension A)	50'	35.2-61.3
Minimum side setback, interior (dimension B)	50'	35.2-61.3
Minimum side setback, exterior (dimension C)	50'	35.2-61.3
Minimum rear setback (dimension D)	50'	35.2-61.3
Minimum lot width at <u>front property line and</u> front setback line (dimension E)	150'	35.2-61.4
Minimum lot area	10 acres per dwelling and 5 acres per dwelling unit or boarding unit	35.2-61.4
Maximum lot coverage	10%	35.2-61.4
A - Front setback B - Interior side setback C - Exterior side setback D - Rear setback E - Minimum lot width  Letters in drawing to the left correspond with dimensions cited in the design element column		

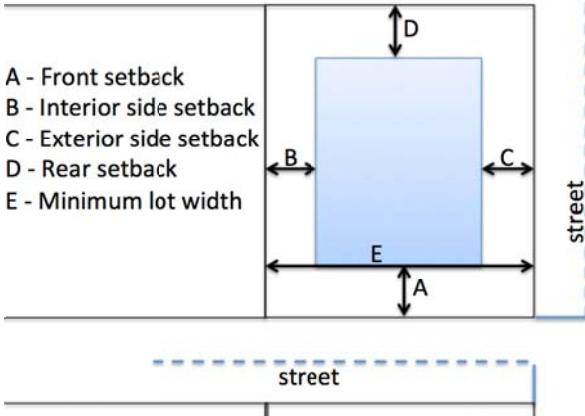
35.2-41.4 R-1 District Development Standards

Exhibit IV-4: Summary of R-1 Development Standards

Design Element	Standards	Cross-Reference
Maximum Height	40'	35.2-61.2
Minimum front setback (dimension A)	40'	35.2-61.3
Minimum side setback, interior (dimension B)	15'	35.2-61.3
Minimum side setback, exterior (dimension C)	40'	35.2-61.3
Minimum rear setback (dimension D)	50'	35.2-61.3
Minimum lot width at <u>front property line and</u> front setback line (dimension E)	100'	35.2-61.4
Minimum lot area (square feet)	15,000, and 7,500 per dwelling unit or boarding unit	35.2-61.4
Maximum net density (dwelling units per acre/dwelling units per acre including accessory dwelling units and boarding units)	2.90/5.80	35.2-61.4
Maximum lot coverage	20%	35.2-61.4
 A - Front setback B - Interior side setback C - Exterior side setback D - Rear setback E - Minimum lot width Letters in drawing to the left correspond with dimensions cited in the design element column		

35.2-42.4 R-2 District Development Standards

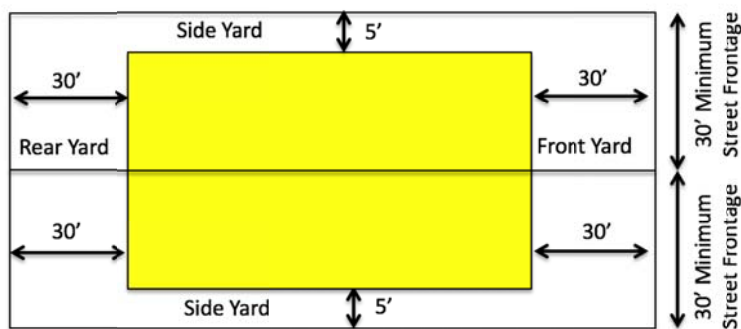
Exhibit IV-6: Summary of R-2 Development Standards

Design Element	Standards	Cross-Reference
Maximum height	40'	35.2-61.2
Minimum front setback (dimension A)	30'	35.2-61.3
Minimum side setback, interior (dimension B)	8'	35.2-61.3
Minimum side setback, exterior (dimension C)	30'	35.2-61.3
Minimum rear setback (dimension D)	30'	35.2-61.3
Minimum lot width at <u>front property line and</u> front setback line (dim E)	75'	35.2-61.4
Minimum lot area (square feet)	10,000, with 5,000 per boarding unit	35.2-61.4
Maximum net density (dwelling units per acre/dwelling units per acre including accessory and boarding units)	4.35/8.7	35.2-61.4
Maximum lot coverage	20%	35.2-61.4
 A - Front setback B - Interior side setback C - Exterior side setback D - Rear setback E - Minimum lot width Letters in drawing to the left correspond with dimensions cited in the design element column		

35.2-43.4 R-3 District Development Standards

- (a) **Development Standards Summarized.** Dimensional standards for the R-3 district are summarized in Exhibit IV-8. Section cross-references identify the location of additional dimensional standards and rules for their application. The standards in this section apply in addition to the site development standards of Article VI and site development standards applicable to specific uses established in Article VII.
- (b) **Semi-detached or Detached Dwellings.** For semi-detached or detached dwellings, the minimum lot area shall be 4,000 square feet and the minimum lot width shall be thirty (30) feet. The minimum side setback shall be five (5) feet except that there is no minimum side setback required along the party wall between adjoining units (see illustration below). Semi-detached or detached dwellings located on lots less than eight thousand (8,000) square feet are not permitted accessory units.

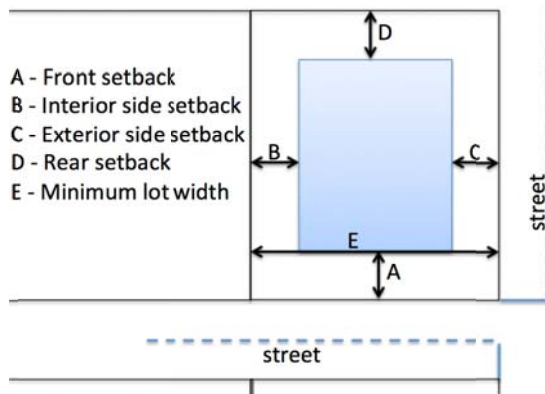
Semi-detached Dwellings



- (c) **Neighborhood Norms.** Front and side setbacks may be reduced in accordance with the neighborhood norm provisions of section 35.2-61.3.
- (d) **Development Patterns.** The R-3 district development standards may be modified through the approval of a residential cluster development, planned unit development or traditional neighborhood development through the conditional use permit process.

Exhibit IV-8: Summary of R-3 Development Standards

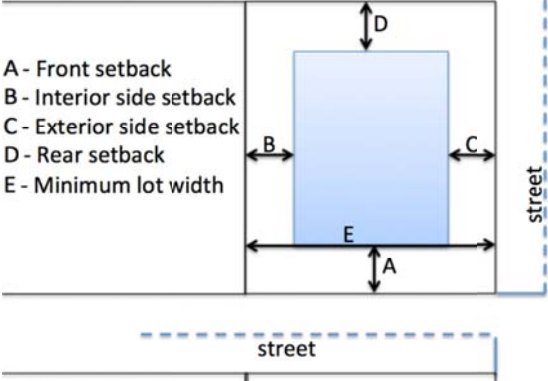
Design Element	Standards	Cross-Reference
Maximum height (see paragraph (a) above)	40'	35.2-61.2
Minimum front setback (dimension A)	30'	35.2-61.3
Minimum side setback, interior (dimension B)	5'	35.2-61.3
Minimum side setback, exterior (dimension C)	30'	35.2-61.3
Minimum rear setback (dimension D)	30'	35.2-61.3
Minimum lot width at <u>front property line and</u> front setback line (dimension E)	60', <u>30' per 43.4(b)</u>	35.2-61.4
Minimum lot size (square feet) - see paragraphs a and b of this section for additional standards	4,000 per dwelling unit or boarding unit (also see paragraphs (b) & (c) above)	35.2-61.4
Maximum net density (dwelling units per acre /dwelling unit or boarding units per acre)	5.45 /10.89	35.2-61.4
Maximum lot coverage	30%	35.2-61.4



Letters in drawing to the left correspond with dimensions cited in the design element column

35.2-44.4 R-4 District Development Standards

Exhibit IV-10: Summary of R-4 Development Standards

Design Element	Standards	Cross-Reference
Maximum Height	40'	35.2-61.2
Minimum front setback from right-of-way (dimension A)	30'	35.2-61.3
Minimum side setback, interior (dimension B)	5'	35.2-61.3
Minimum side setback, exterior from right-of-way (dimension C)	30'	35.2-61.3
Minimum rear setback (dimension D)	25'	35.2-61.3
Minimum lot width at <u>front property line and</u> front setback line (dimension E)	50', <u>30' for detached or semi detached dwellings</u>	35.2-61.4
Minimum lot size (square feet)	64 ,000, with 2,000 for each dwelling unit or boarding unit	35.2-61.4
Maximum net density (dwelling units per acre /dwelling unit or boarding units per acre)	7.26 /21.78	35.2-61.4
Maximum lot coverage	30%	35.2-61.4
 A - Front setback B - Interior side setback C - Exterior side setback D - Rear setback E - Minimum lot width Letters in drawing to the left correspond with dimensions cited in the design element column		

35.2-45.2 Authorized Uses

Exhibit IV-12: Authorized Uses in B-1 District

Land Use	LBCS #	Description	Approval Type
single-household detached	1111S	Typical single-household dwelling	P
modular home	1114S	<u>A prefabricated home without axles or frames (see definitions)</u>	P
Two-household (duplex)	1121S	<u>A building located on one (1) zoning lot containing not more than two (2) dwelling units</u>	C
single-household attached (townhouse)	1113 1140S	Each unit on a separate lot; fire wall may protrude from roof or roofs may be staggered	C
Three or More Households (allowed only as part of a mixed-use development)	1130 1200S	Includes triplexes, four-plexes, and other multi-household dwellings	<u>P</u> C
<u>Mixed-use residential structures (see district regulations for limitations)</u>	1201S	<u>Typically commercial uses on lower floors and residential uses on upper floors</u>	<u>P</u>
Housing Services	1200	Housing and custodial services for those who cannot care for themselves. Includes nursing and retirement homes, congregate living, assisted and continuing care living, but excludes rehab uses in LBCS #6520)	P
Bed & Breakfast and Tourist Homes	1310	Guest rooms in a private home or accessory building to a private home	P
boarding house	1321	Non-transient lodging that may include meals and is owner occupied	P
rooming house	1322	Transient or non-transient lodging that may include meals	P
dormitory, sorority or fraternity house	1323	Allowed only as accessory uses to and owned by a college or university	C
Bicycles	2113b	New or used bicycle sales, rental and repair	P
camera and photographic supplies; clothing, jewelry, luggage, shoes, clocks, sewing; sporting goods, toy and hobby, and musical instruments; mixed media, school and office supplies	2132-2135	Primarily retail cameras and photographic supplies or retail with repair and film developing; clothing (including shoe repair and tailoring, sporting goods, toys, musical instruments, kitchen goods, books, magazines, music, videos, stationary, greeting cards, seasonal decorations, office and school supplies.	P

Land Use	LBCS #	Description	Approval Type
florist, art supplies, tobacco products	2141-2143	Florists, art supplies and art dealers, frame shops, tobacco products	P
art galleries	2142b	Excludes art supply sales and retail framing services	P
antique shop	2145	Antique shops, (excludes flea markets, thrift stores and pawn shops)	P
grocery store, supermarket, or bakery, convenience store, specialty food stores	2151-2154	Included are grocery stores, convenience stores, meat, seafood and produce markets, coffee, confections, variety goods and general stores, and delicatessens. Excludes stores with fuel pumps (see 2116 for fuel sales).	P
beer, wine, and liquor store	2155		P
Health and personal care	2160	Retail prescription or nonprescription drugs; retail cosmetics, perfumes, toiletries; prescription or nonprescription eyeglasses; prescription or nonprescription health and convalescent aids; medical devices, retail food supplement products such as vitamins, nutrition supplements, and body enhancing supplements.	P
Bank, credit union, or savings institution	2210	Central banking functions	P
credit card and other financing	2221	Credit card, sales financing, unsecured consumer lending, real estate credit, mortgages, international trade financing	P
Investment banking, securities, and brokerages; insurance; fund, trust, or other financial establishment	2230-2250	Securities underwriting, brokering, exchange services, managing portfolios; Insurance underwriting, selling insurance; manage assets on behalf of shareholders or beneficiaries	P
Real estate services	2310	Sell or lease real estate such as buildings, manufactured home sites and vacant lots; includes real estate appraisers and realtor offices	P
professional offices	2411-2014	Title abstract, lawyers, notaries, accountants, bookkeeping, payroll services, architects, engineers, surveyors, graphic design, interior design and industrial design	P
consulting services (management, environmental technical)	2415	Advise and assist businesses on management, scientific, and technological issues	P

Land Use	LBCS #	Description	Approval Type
scientific research and development services	2416	Conduct research or analyze in the physical, engineering, cognitive, or life sciences in offices.	P
other professional offices	2419, 6810, 6820	Includes advertising and media services intellectual property rights, franchising, labor, political or business organizations, and uses with similar impacts	P
office administrative services	2421	Office administration such as billing, record keeping, personnel, organizational planning	P
facilities support services	2422	Provide operating staff for support services within a client's facilities, including janitorial, security, laundry services, etc.	P
employment agency	2423a	Provide employee placement, temporary help	P
copy center, private mail center, other business support services	2424	Provide document preparation, telephone answering, telemarketing, court reporting, steno typing, FAX, internet access, small signs and banners	P
collection agency	2425	Collect payments, compile credit information, repossess tangible assets	P
Travel arrangement and reservation services	2430	Promote or sell travel, includes convention and visitors' bureaus	P
Restaurants, cafeterias, snack bars & catering	2510-2530 & 2560	Provide food and drinks to patrons – see district specific use regulations for limitations. Includes banquet, assembly and reception halls. See district standards.	P
Personal care	2610	Hair, nail, and skin care and related personal care, barbers, beauty shops, dieting and weight loss, tanning, hair removal, hair weaving, ear piercing and similar services	P
laundromat and dry cleaning	2621 & 2622	Includes Laundromats, dry cleaners, diaper services as well as other commercial laundry services	P
Photofinishing	2630	Primarily engaged in developing film or making slides, etc.	P
Parking lot and parking garage	2640	See district standards	P
licensed massage therapist	2651		P
pet cemetery	2723		C
national post office	4181		P

Land Use	LBCS #	Description	Approval Type
retail courier and package delivery	4182	Retail courier, package drop-off and mail services	P
wireless telecommunications transmission	4233	Operate, maintain or provide access to facilities for the transmission of voice, data, text, sound or video, see section 35.2-73 for telecommunications towers	P
telephone and other wired telecommunications	4234	Operate telephone networks – excludes switching stations	P
Telecommunications switching stations/exchanges	4239	Telecommunications switching stations and exchanges with no on-site employees	C
library or archive	4242	Provide library or archive services	P
data processing and management, hosting and related services	4244	Web hosting, computer data storage, optical scanning, computer input preparation, microfilm imaging	P
Public Utilities Services, Major	4315, 4329, 4339, 4349	Includes transmission lines for water, wastewater, stormwater, electricity, natural gas or telecommunications services regulated by the State Corporation Commission of a regional nature and normally entail the construction of new buildings or structures such as electrical switching facilities and stations or substations, electric, gas, and other utility transmission lines of a regional nature which are not otherwise reviewed and approved by the Virginia State Corporation Commission. All overhead transmission lines are included in this definition.	
Public Utilities Service Minor	4315, 4329, 4339, 4349	Includes distribution or collection lines and appurtenances for water, wastewater, stormwater, electricity, natural gas or telecommunications services regulated by the State Corporation Commission that are necessary to support development within the immediate vicinity and involve only minor structures. Included in this use type are small facilities such as transformers, relay and booster devices, and well, water and sewer pump stations, and wireless communication antennas attached to existing buildings or structures.	P
electric substations	4316		C
Water treatment plants and utility facilities	4331 – 4333,	Water treatment plants, pumping stations and lift stations	C

Land Use	LBCS #	Description	Approval Type
Theater, dance or music establishment	5110 & 5160	Companies, groups, or theaters that produce theatrical presentations, dance, dinner theaters, and live musical entertainment; includes facilities for independent artists and performers	P
Promoter of sports, performing arts, similar events and management services	5140 - 5150	Organize, promote, and manage performances and events; agents representing artists, athletes and entertainers	P
Museums and Other Special Purpose Recreational Institutions	5200	Public and private museums, historical sites, and similar establishments	P
Country Club	5340 & 6830	Operate private country clubs, with tennis courts and golf courses along with dining facilities and other recreational facilities; includes civic, social and fraternal organizations without dwellings	P
fitness and recreational sports center	5371	Aerobic dance or exercise center, gymnasium, physical fitness center, health and athletic club, indoor handball, racquetball, volleyball, tennis, or swimming facilities conducted inside a building	P
outdoor recreation	5372, 5373 & 5374	Includes for profit golf courses, archery ranges, outdoor volleyball, tennis, or swimming facilities, recreational courts, recreational day camp and horseback riding	C
Natural and other Recreational Parks	5500	All parks without special economic functions, other than limited concessions	P
Nursery or preschool	6110		P
Grade school	6120	Comprises all public, private, and specialty schools between the preschool and university level; includes adult education services not addressed elsewhere. See district use standards	P
College or university	6130	See district use standards	P
Public Safety	6400	Government-owned establishments providing fire and rescue, police, and emergency response services	P
Clinic	6511 & 6567	Include physician offices, dentists, chiropractors, optometrists, licensed massage therapists, and veterans affairs services	P
outpatient care clinic	6512	Provide outpatient family planning services and outpatient care	P

Land Use	LBCS #	Description	Approval Type
group home small	6522	Fewer than five (5) aged or infirm individuals or fewer than nine (9) individuals with mental, intellectual or developmental disabilities	P
group home large	6523	Five or more aged or infirm individuals, or nine (9) or more individuals with mental, intellectual or developmental disabilities	P
Hospital	6530		C
child and adult day care	6562	Provide day care for children and adults	
Home	6562a	Day care for fewer than six (6) individuals in a residence	P
Small	6562b	Day care for six (6) to twelve (12) individuals in a residence	P
Large	6562c	Provide care for more than 12 individuals	P
Religious Institutions	6600	Churches, temples, synagogues, mosques, convents and monasteries	P
Funeral home and services	6710	Includes funeral homes combined with crematories	P
free-standing cemetery	6722		P
Columbarium	6724		C
Vegetable farming or growing	9120	Includes private fields and community gardens with production limited to retail sales	P
Commercial orchards	9130	Includes fruit and nut trees with production limited to retail sales	P
Animal Production	9300	Keep, graze, breed or feed animals (see district standards)	P
tent revival meetings/transient amusements	9921	Includes temporary carnivals and circuses sponsored by non-profit organizations (see section 35.2-72.23)	P
cluster commercial development	9955	See section 35.2-85	C

35.2-45.3 B-1 District Use Standards

The following standards supplement the standards for specific uses established in Article VII:

- (a) No lot, building or structure shall be used and no building or structure shall be erected that is intended or designed to be used, in whole or in part, for any industrial or manufacturing purposes.
- (b) Drive-through and drive-in uses are not allowed in this district except under the following conditions:
 - 1. Drive through and drive-in uses shall not be associated with businesses providing food or beverage services;
 - 2. Drive-through services shall be located in the rear of the building and shall take access from an urban collector or local street; and
 - 3. Drive-through services shall be designed so that not more than one (1) two-way access or two (2) one-way access points serving such uses shall be located on a single block.
- (c) Outdoor operations, storage, or display are prohibited except as authorized for temporary outdoor display or outdoor dining.
- (d) The scale of businesses shall be compatible with adjacent neighborhoods and shall not exceed the floor areas established in Exhibit IV-13.

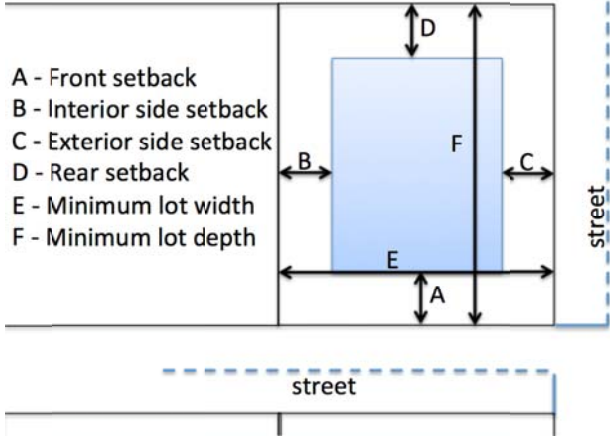
Exhibit IV-13: Maximum Floor Areas for the B-1 District

Development	Maximum Gross Floor Area (sq.ft.)
Multi-tenant commercial developments	50,000
Single office development	20,000
Single retail or service business	5,000
Restaurant	4,000

- (e) Excepting authorized single household ~~homes~~ dwelling and other residential uses permitted by conditional use permit, ground floor residential uses shall be prohibited except when part of a mixed-use building where the residential access is taken from an urban collector or local street.
- (f) Schools for general education with maximum enrollments of twenty-five (25) or fewer students shall only be allowed subject to the setbacks for other uses allowed in the district. Schools with maximum enrollments in excess of twenty-five (25) students shall be subject to approval of a conditional use permit and setback requirements for schools established in section 35.2-72.21 (Schools, Colleges and Vocational Schools).
- (g) Not more than three (3) unrelated individuals may occupy a dwelling unit in the B-1 district unless otherwise approved by a conditional use permit.
- (h) Accessory uses and structures shall comply with the provisions of section 35.2-71.

35.2-45.4 B-1 District Development Standards

Exhibit IV-14: Summary of B-1 Development Standards

Design Element	Standards	Section Cross-Reference
Maximum height	40'	35.2-61.2
Minimum front setback from right-of-way (dimension A)	0'	35.2-61.3
Minimum side setback, interior (dimension B)	0'	35.2-61.3
Minimum side setback, exterior (dimension C)	0'	35.2-61.3
Minimum rear setback (dimension D)	25'	35.2-61.3
Minimum lot width at <u>front property line and</u> front setback line (dimension E)	50'	35.2-61.4
Minimum lot depth (dimension F)	100'	35.2-61.4
Minimum lot area (square feet)	6,000 with 1,000 sq.ft. of lot area per dwelling unit or boarding unit	35.2-61.4
A - Front setback B - Interior side setback C - Exterior side setback D - Rear setback E - Minimum lot width F - Minimum lot depth  Letters in drawing to the left correspond with dimensions cited in the design element column		

35.2-46.2 Authorized Uses

Exhibit IV-15: Authorized Uses in B-3 District

Land Use	LBCS #	Description	Approval Type
single-household detached	1111S	Typical single-household dwelling	P
modular home	1114S	<u>A prefabricated home without axles or frames (see definitions)</u>	P
Two-household (duplex)	1121S	<u>A building located on one (1) zoning lot containing not more than two (2) dwelling units</u>	C
single-household attached (townhouse)	1113 1140S	Each unit on a separate lot; fire wall may protrude from roof or roofs may be staggered	C
Three or More Households (<u>allowed only as part of a mixed-use development</u>)	1130 1200S	Includes triplexes, four-plexes, and other multi-household dwellings	P C
<u>Mixed-use residential structures (see district regulations for limitations)</u>	1201S	<u>Typically commercial uses on lower floors and residential uses on upper floors</u>	P
Housing Services	1200	Housing and custodial services for those who cannot care for themselves. Includes nursing and retirement homes, congregate living, assisted and continuing care living, but excludes rehab uses in LBCS #6520)	P
Bed & Breakfast and Tourist Homes	1310	Guest rooms in a private home or accessory building to a private home	P
boarding house	1321	Non-transient lodging that may include meals and is owner occupied	P
rooming house	1322	Transient or non-transient lodging that may include meals	P
dormitory, sorority or fraternity house	1323	Allowed only as accessory uses to and owned by a college or university	C
Hotel, motel, or tourist court	1330	Hotels that do not have gambling services; includes extended-stay hotels	P
bicycles	2113b	New or used bicycle sales, rental and repair	P
parts, accessories, or tires	2115	Automotive parts and supply stores, automotive stereo stores.	P

Land Use	LBCS #	Description	Approval Type
gasoline service	2116	Gas stations with or without convenience stores or food marts, excludes truck stops, light auto repair and heavy auto repair	P
light auto repair	2117a	Oil change, light auto repair and car wash. May include gasoline and other retail sales.	C
heavy auto repair	2117b	Auto repair, paint and body shops. May include gasoline and other retail sales.	C
furniture or home furnishings, hardware, home center, lawn and garden supplies, department store, warehouse club or superstore, electronics and appliances	2121-2125	Furniture, flooring, bedding stores; home building and repair supplies, painting supplies, farm goods, lighting supply, window treatment; nursery and garden products predominantly grown elsewhere, power equipment sales or services; large variety stores; household-type appliances, television, stereos, including repair shops and cell phone stores.	P
computer and software	2131	Computers and prepackaged software including repair, support, and training	P
camera and photographic supplies; clothing, jewelry, luggage, shoes, clocks, sewing; sporting goods, toy and hobby, and musical instruments; mixed media, school and office supplies	2132-2135	Primarily retail cameras and photographic supplies or retail with repair and film developing; clothing (including shoe repair and tailoring, sporting goods, toys, musical instruments, kitchen goods, books, magazines, music, videos, stationary, greeting cards, seasonal decorations, office and school supplies.	P
florist, art supplies, tobacco products	2141-2143	Florists, art supplies and art dealers, frame shops, tobacco products	P
art galleries	2142b	Excludes art supply sales and retail framing services	P
antique shop	2145	Antique shops, (excludes flea markets, thrift stores and pawn shops)	P
flea markets and thrift stores	2145b	Flea markets and thrift stores	P
grocery store, supermarket, or bakery, convenience store, specialty food stores	2151-2154	Included are grocery stores, convenience stores, meat, seafood and produce markets, coffee, confections, variety goods and general stores, and delicatessens. Excludes stores with fuel pumps (see 2116 for fuel sales).	P
beer, wine, and liquor store	2155		P

Land Use	LBCS #	Description	Approval Type
Health and personal care	2160	Retail prescription or nonprescription drugs; retail cosmetics, perfumes, toiletries; prescription or nonprescription eyeglasses; prescription or nonprescription health and convalescent aids; medical devices, retail food supplement products such as vitamins, nutrition supplements, and body enhancing supplements.	P
Markets for farm produce or crafts	2199	Markets and truck gardens.	C
Bank, credit union, or savings institution	2210	Central banking functions	P
credit card and other financing	2221	Credit card, sales financing, unsecured consumer lending, real estate credit, mortgages, international trade financing	P
pawn shops	2222		P
short-term loans	2223	Pay-day lenders and other businesses providing loans with terms of 45 days or less	P
precious metal buyers	2224	Businesses providing cash for gold and other precious metals or gems (excludes retail jewelers)	P
Investment banking, securities, and brokerages; insurance; fund, trust, or other financial establishment	2230-2250	Securities underwriting, brokering, exchange services, managing portfolios; Insurance underwriting, selling insurance; manage assets on behalf of shareholders or beneficiaries	P
Real estate services	2310	Sell or lease real estate such as buildings, manufactured home sites and vacant lots; includes real estate appraisers and realtor offices	P
Property management services	2320	Manage real property for others	P
vehicles	2331 & 2332	Lease passenger cars, trucks, trailers, RVs, buses and aircraft; drivers not provided	C
Professional offices	2411-2014	Title abstract, lawyers, notaries, accountants, bookkeeping, payroll services, architects, engineers, surveyors, graphic design, interior design and industrial design	P
consulting services (management, environmental technical)	2415	Advise and assist businesses on management, scientific, and technological issues	P

Land Use	LBCS #	Description	Approval Type
scientific research and development services	2416	Conduct research or analyze in the physical, engineering, cognitive, or life sciences in laboratories or offices.	P
advertising, media and photography services	2417	Includes advertising, marketing and public relations agencies, photographic studios and photographic services.	P
veterinary services	2418	Veterinary medicine, testing services for veterinary practitioners	C
other professional offices	2419, 6810, 6820	Includes advertising and media services intellectual property rights, franchising, labor, political or business organizations, and uses with similar impacts	P
office administrative services	2421	Office administration such as billing, record keeping, personnel, organizational planning	P
facilities support services	2422	Provide operating staff for support services within a client's facilities, including janitorial, security, laundry services, etc.	P
employment agency	2423a	Provide employee placement, temporary help	P
copy center, private mail center, other business support services	2424	Provide document preparation, telephone answering, telemarketing, court reporting, steno typing, FAX, internet access, small signs and banners	P
collection agency	2425	Collect payments, compile credit information, repossess tangible assets	P
Travel arrangement and reservation services	2430	Promote or sell travel, includes convention and visitors' bureaus	P
Investigation and security services	2440	Provide detective, guard and patrol services, picking up and delivery of money, selling of security systems, remote monitoring of security systems, locksmiths	P
Restaurants, cafeterias, snack bars & catering	2510-2530 & 2560	Provide food and drinks to patrons – see district specific use regulations for limitations. Includes banquet, assembly and reception halls. See district standards.	P
Mobile food services	2550	Prepare and serve meals and snacks for immediate consumption from motorized vehicles	P

Land Use	LBCS #	Description	Approval Type
Personal care	2610	Hair, nail, and skin care and related personal care, barbers, beauty shops, dieting and weight loss, tanning, hair removal, hair weaving, ear piercing and similar services	P
laundromat and dry cleaning	2621 & 2622	Includes Laundromats, dry cleaners, diaper services as well as other commercial laundry services	P
Photofinishing	2630	Primarily engaged in developing film or making slides, etc.	P
Parking lot and parking garage	2640	See district standards	P
licensed massage therapist	2651		P
adult retail establishment	2653	Stores primarily selling adult oriented products, including books, videos, magazines, toys, lingerie and other sexually-oriented goods	P
Pet or pet supply store	2710	Retail pets, pet foods, pet supplies	P
animal services	2721	grooming and training	P
animal boarding	2722	sitting and boarding	C
pet cemetery	2723		P
national post office	4181		P
retail courier and package delivery	4182	Retail courier, package drop-off and mail services	P
radio and television broadcasting	4231, 4232 & 4241	Operate broadcasting studios and facilities for over the air, cable or satellite delivery of radio and television programs	P
wireless telecommunications transmission	4233	Operate, maintain or provide access to facilities for the transmission of voice, data, text, sound or video, see section 35.2-73 for telecommunications towers	P
telephone and other wired telecommunications	4234	Operate telephone networks – excludes switching stations	P
Telecommunications switching stations/exchanges	4239	Telecommunications switching stations and exchanges with no on-site employees	C
library or archive	4242	Provide library or archive services	P

Land Use	LBCS #	Description	Approval Type
data processing and management, hosting and related services	4244	Web hosting, computer data storage, optical scanning, computer input preparation, microfilm imaging	P
Public Utilities Services, Major	4315, 4329, 4339, 4349	Includes transmission lines for water, wastewater, stormwater, electricity, natural gas or telecommunications services regulated by the State Corporation Commission of a regional nature and normally entail the construction of new buildings or structures such as electrical switching facilities and stations or substations, electric, gas, and other utility transmission lines of a regional nature which are not otherwise reviewed and approved by the Virginia State Corporation Commission. All overhead transmission lines are included in this definition.	C
Public Utilities Service Minor	4315, 4329, 4339, 4349	Includes distribution or collection lines and appurtenances for water, wastewater, stormwater, electricity, natural gas or telecommunications services regulated by the State Corporation Commission that are necessary to support development within the immediate vicinity and involve only minor structures. Included in this use type are small facilities such as transformers, relay and booster devices, and well, water and sewer pump stations, and wireless communication antennas attached to existing buildings or structures.	P
electric substations	4316		C
Water treatment plants and utility facilities	4331 – 4333,	Water treatment plants, pumping stations and lift stations	C
Theater, dance or music establishment	5110 & 5160	Companies, groups, or theaters that produce theatrical presentations, dance, dinner theaters, and live musical entertainment; includes facilities for independent artists and performers	P
Motion picture viewing and exhibition services	5111	Operate movie theaters (excluding drive-ins), film festival exhibitions	P
Promoter of sports, performing arts, similar events and management services	5140 - 5150	Organize, promote, and manage performances and events; agents representing artists, athletes and entertainers	P
Indoor auditorium or arena	5170	Indoor auditoriums, arenas, conference centers, or multipurpose facilities	P
Museums and Other Special Purpose Recreational Institutions	5200	Public and private museums, historical sites, and similar establishments	P

Land Use	LBCS #	Description	Approval Type
Amusement or theme park establishment	5310	Operate a variety of attractions such as mechanical rides, water rides, games	C
Commercial Amusements	5320, 5380, 5390	Operate arcades and other commercial amusements as defined herein	P
Country Club	5340 & 6830	Operate private country clubs, with tennis courts and golf courses along with dining facilities and other recreational facilities; includes civic, social and fraternal organizations without dwellings	P
fitness and recreational sports center	5371	Aerobic dance or exercise center, gymnasium, physical fitness center, health and athletic club, indoor handball, racquetball, volleyball, tennis, or swimming facilities conducted inside a building	P
outdoor recreation	5372, 5373 & 5374	Includes golf courses, archery ranges, outdoor volleyball, tennis, or swimming facilities, recreational courts, recreational day camp and horseback riding (excludes automobile, dog and horse racing)	C
shooting ranges, indoor	5375		C
Natural and other Recreational Parks	5500	All parks without special economic functions, other than limited concessions	P
Nursery or preschool	6110		P
Grade school	6120	Comprises all public, private, and specialty schools between the preschool and university level; includes adult education services not addressed elsewhere. See district use standards.	P
College or university	6130	See district use standards.	P
general technical schools	6141-6143, 6145, 6147	Offer courses in office procedures, administrative skills, and basic office skills; dance, art, drama, and music; athletic activities. See district use standards.	P
driving education	6144		P
Public Safety	6400	Government-owned establishments providing fire and rescue, police, and emergency response services	P
clinic	6511 & 6567	Include physician offices, dentists, chiropractors, optometrists, licensed massage therapists, and veterans affairs services	P

Land Use	LBCS #	Description	Approval Type
outpatient care clinic	6512	Provide outpatient family planning services and outpatient care	P
medical or diagnostic laboratory; blood/organ bank	6513 - 6514	Provide analytic or diagnostic services including medical imaging	P
group home small	6522	Fewer than five (5) aged or infirm individuals or fewer than nine (9) individuals with mental, intellectual or developmental disabilities	P
group home large	6523	Five or more aged or infirm individuals, or nine (9) or more individuals with mental, intellectual or developmental disabilities	P
Hospital	6530		C
child and adult day care	6562	Provide day care for children and adults	
home	6562a	Day care for fewer than six (6) individuals in a residence	P
small	6562b	Day care for six (6) to twelve (12) individuals in a residence	P
large	6562c	Provide care for more than 12 individuals	P
Religious Institutions	6600	Churches, temples, synagogues, mosques, convents and monasteries	P
Death Care Services	6700	Funeral homes, crematories, cemeteries	
Funeral home and services	6710	Includes funeral homes combined with crematories	P
free-standing cemetery	6722		P
columbarium	6724		C
CONSTRUCTION-RELATED BUSINESSES	7000	Contractors who can build or demolish buildings, leveling, earthmoving, excavating, land drainage; should reflect the location of the establishment and not where it is performing its services. This category also includes the manufacture of industrial buildings, manufactured homes, modular homes, storage buildings and similar structures. Note that district standards may limit or preclude manufacturing, outdoor operations, outdoor storage of commercial vehicles and materials.	P

Land Use	LBCS #	Description	Approval Type
Vegetable farming or growing	9120	Includes private fields and community gardens with production limited to retail sales	P
Commercial orchards	9130	Includes fruit and nut trees with production limited to retail sales	P
Greenhouse – no on-premises sales	9141	Commercial greenhouse production	P
Greenhouse – sales of products grown on premises	9142		P
Greenhouse – sales of products and related accessory products	9143		P
Animal Production	9300	Keep, graze, breed or feed animals (see standards in section 35.2-71.7)	P
tent revival meetings/transient amusements	9921	Includes temporary carnivals and circuses sponsored by non-profit organizations (see section 35.2-72.23)	P
temporary outdoor promotional attractions	9922	Includes car shows, boat shows and similar short-term events intended to promote commercial sales or services (see section 35.2-72.23)	P
traditional neighborhood development	9952	See section 35.2-82	C
large scale retail establishments	9954	See section 35.2-84	P
cluster commercial development	9955	See section 35.2-85	C

35.2-46.3 B-3 District Use Standards

The following standards supplement the standards for specific uses established in Article VII:

- (a) Schools and colleges of all types (including vocational schools) shall not exceed a maximum enrollment of one hundred (100) students except as authorized by conditional use permit.
- (b) Radio and television studios and stations shall not have towers, shall produce no exterior electromagnetic effect and shall be soundproofed from adjoining properties.
- (c) Large-scale retail establishments shall comply with section 35.2-84 (Retail Establishments, Large Scale) unless otherwise approved through the conditional use permit process.
- (d) Dance floors may be allowed as accessory uses to restaurants.

- (e) Arenas and auditoriums approved through the conditional use permit process shall be limited to a maximum capacity of two thousand five hundred (2,500) persons.
- (f) Veterinarian hospitals authorized through the conditional use permit process shall not have outdoor kennels.
- (g) Except authorized single household dwellings and other residential uses permitted by conditional use permit, ground floor residential uses shall be prohibited except when part of a mixed-use building where the residential access is taken from an urban collector or local street.
- (h) Outdoor storage is prohibited.
- (i) Accessory uses and structures shall comply with the provisions of section 35.2-71.

35.2-46.4 B-3 District Development Standards

Dimensional standards for the B-3 district are summarized in Exhibit IV-16. Section cross-references identify the location of additional dimensional standards and rules for their application. The standards in this section apply in addition to the site development standards of Article VI and site development standards applicable to specific uses established in Article VII.

- (a) **Setbacks.** Setbacks are subject to compliance with in section 35.2-66.4 (Visibility at Intersections) and applicable landscaping requirements.
- (b) **Lots Abutting R-1, R-2 or R-3 Districts.** See section 35.2-61.2 for additional height requirements and section 35.2-61.3 for additional setback requirements for lots abutting R-1, R-2 or R-3 districts.
- (c) **Area Regulations.** A minimum of one thousand (1,000) square feet of lot area is required for each dwelling unit or unit in a boardinghouse, lodging house, convalescent and nursing home, tourist home or hotel.
- (d) **Parking.** Parking areas shall be set back at least twenty (20) feet from front or exterior side property lines or set behind the front building line on all street frontages.
- (e) **Development Patterns.** The B-3 district development standards may be modified through the approval of a cluster commercial development or traditional neighborhood development.

35.2-47.2 Authorized Uses

Exhibit IV-17: Authorized Uses in B-4 District

Land Use	LBCS #	Description	Approval Type
single-household attached (townhouse)	1113 <u>1140S</u>	Each unit on a separate lot; fire wall may protrude from roof or roofs may be staggered	P
Three or More Households <u>Multi-household structures</u>	1130 <u>1200S</u>	Includes triplexes, four-plexes, and other multi-household dwellings	P
<u>Mixed-use residential structures (see district regulations for limitations)</u>	<u>1201S</u>	<u>Typically commercial uses on lower floors and residential uses on upper floors</u>	<u>P</u>
Housing Services	1200	Housing and custodial services for those who cannot care for themselves. Includes nursing and retirement homes, congregate living, assisted and continuing care living, but excludes rehab uses in LBCS #6520)	P
Hotels, Motels, or Other Accommodation Services	1300	Lodging and short-term accommodation for travelers	
Bed & Breakfast and Tourist Homes	1310	Guest rooms in a private home or accessory building to a private home	P
boarding house	1321	Non-transient lodging that may include meals and is owner occupied	P
rooming house	1322	Transient or non-transient lodging that may include meals	P
dormitory, sorority or fraternity house	1323	Allowed only as accessory uses to and owned by a college or university	C
Hotel, motel, or tourist court	1330	Hotels that do not have gambling services; includes extended-stay hotels	P
bicycles	2113b	New or used bicycle sales, rental and repair	P
boat or marine craft dealer	2114	New or used boats sales, rental and related repair services	P
parts, accessories, or tires	2115	Automotive parts and supply stores, automotive stereo stores.	P
gasoline service	2116	Gas stations with or without convenience stores or food marts, excludes truck stops, light auto repair and heavy auto repair	C

Land Use	LBCS #	Description	Approval Type
light auto repair	2117a	Oil change, light auto repair and car wash. May include gasoline and other related sales.	C
heavy auto repair	2117b	Auto repair, paint and body shops. May include gasoline and other retail sales.	C
furniture or home furnishings, hardware, home center, lawn and garden supplies, department store, warehouse club or superstore, electronics and appliances	2121-2125	Furniture, flooring, bedding stores; home building and repair supplies, painting supplies, farm goods, lighting supply, window treatment; nursery and garden products predominantly grown elsewhere, power equipment sales or services; large variety stores; household-type appliances, television, stereos, including repair shops and cell phone stores.	P
computer and software	2131	Computers and prepackaged software including repair, support, and training	P
camera and photographic supplies; clothing, jewelry, luggage, shoes, clocks, sewing; sporting goods, toy and hobby, and musical instruments; mixed media, school and office supplies	2132-2135	Primarily retail cameras and photographic supplies or retail with repair and film developing; clothing (including shoe repair and tailoring, sporting goods, toys, musical instruments, kitchen goods, books, magazines, music, videos, stationary, greeting cards, seasonal decorations, office and school supplies.	P
florist, art supplies, tobacco products	2141-2143	Florists, art supplies and art dealers, frame shops, tobacco products	P
art galleries	2142b	Excludes art supply sales and retail framing services	P
mail order or direct selling establishment	2144	Retailing other than through locations where shoppers physically visit	P
antique shop	2145	Antique shops, (excludes flea markets, thrift stores and pawn shops)	P
flea markets and thrift stores	2145b	Flea markets and thrift stores	P
grocery store, supermarket, or bakery, convenience store, specialty food stores	2151-2154	Included are grocery stores, convenience stores, meat, seafood and produce markets, coffee, confections, variety goods and general stores, and delicatessens. Excludes stores with fuel pumps (see 2116 for fuel sales).	P
beer, wine, and liquor store	2155		P

Land Use	LBCS #	Description	Approval Type
Health and personal care	2160	Retail prescription or nonprescription drugs; retail cosmetics, perfumes, toiletries; prescription or nonprescription eyeglasses; prescription or nonprescription health and convalescent aids; medical devices, retail food supplement products such as vitamins, nutrition supplements, and body enhancing supplements.	P
Markets for farm produce or crafts	2199	Markets and truck gardens.	C
Bank, credit union, or savings institution	2210	Central banking functions	P
credit card and other financing	2221	Credit card, sales financing, unsecured consumer lending, real estate credit, mortgages, international trade financing	P
pawn shops	2222		P
short-term loans	2223	Pay-day lenders and other businesses providing loans with terms of 45 days or less	P
precious metal buyers	2224	Businesses providing cash for gold and other precious metals or gems (excludes retail jewelers)	P
Investment banking, securities, and brokerages; insurance; fund, trust, or other financial establishment	2230-2250	Securities underwriting, brokering, exchange services, managing portfolios; Insurance underwriting, selling insurance; manage assets on behalf of shareholders or beneficiaries	P
Real estate services	2310	Sell or lease real estate such as buildings, manufactured home sites and vacant lots; includes real estate appraisers and realtor offices	P
Property management services	2320	Manage real property for others	P
recreational goods rental	2333	Rent skis, canoes, bicycles, sailboats, motorcycles	P
Professional offices	2411-2014	Title abstract, lawyers, notaries, accountants, bookkeeping, payroll services, architects, engineers, surveyors, graphic design, interior design and industrial design	P
consulting services (management, environmental technical)	2415	Advise and assist businesses on management, scientific, and technological issues	P
scientific research and development services	2416	Conduct research or analyze in the physical, engineering, cognitive, or life sciences in laboratories or offices.	P

Land Use	LBCS #	Description	Approval Type
advertising, media and photography services	2417	Includes advertising, marketing and public relations agencies, photographic studios and photographic services.	P
veterinary services	2418	Veterinary medicine, testing services for veterinary practitioners	P
other professional offices	2419, 6810, 6820	Includes advertising and media services intellectual property rights, franchising, labor, political or business organizations, and uses with similar impacts	P
office administrative services	2421	Office administration such as billing, record keeping, personnel, organizational planning	P
facilities support services	2422	Provide operating staff for support services within a client's facilities, including janitorial, security, laundry services, etc.	P
employment agency	2423a	Provide employee placement, temporary help	P
copy center, private mail center, other business support services	2424	Provide document preparation, telephone answering, telemarketing, court reporting, stenotyping, FAX, internet access, small signs and banners	P
collection agency	2425	Collect payments, compile credit information, repossess tangible assets	P
Travel arrangement and reservation services	2430	Promote or sell travel, includes convention and visitors' bureaus	P
Investigation and security services	2440	Provide detective, guard and patrol services, picking up and delivery of money, selling of security systems, remote monitoring of security systems, locksmiths	P
Restaurants, cafeterias, snack bars & catering	2510-2530 & 2560	Provide food and drinks to patrons – see district specific use regulations for limitations. Includes banquet, assembly and reception halls. See district standards.	P
Mobile food services	2550	Prepare and serve meals and snacks for immediate consumption from motorized vehicles	P
Food service contractor and vending machine operators	2570 & 2580	Provide food services at institutional, governmental, commercial, or industrial locations based on contracts. Retail merchandise through vending machines that they service	P

Land Use	LBCS #	Description	Approval Type
Personal care	2610	Hair, nail, and skin care and related personal care, barbers, beauty shops, dieting and weight loss, tanning, hair removal, hair weaving, ear piercing and similar services	P
laundromat and dry cleaning	2621 & 2622	Includes Laundromats, dry cleaners, diaper services as well as other commercial laundry services	P
Photofinishing	2630	Primarily engaged in developing film or making slides, etc.	P
Parking lot and parking garage	2640	See district standards	P
licensed massage therapist	2651		P
tattoo parlor	2652	Tattoos by a licensed professional	P
adult retail establishment	2653	Stores primarily selling adult oriented products, including books, videos, magazines, toys, lingerie and other sexually-oriented goods	P
Pet or pet supply store	2710	Retail pets, pet foods, pet supplies	P
animal services	2721	grooming and training	P
Food and beverages	3110	Includes bakery and candy establishments that produce for later consumption; ice manufacturing; dairies; bottling plants; and peanut and coffee roasting	P
Furniture and related products	3230	Includes manufacture and repair of furniture, upholstery, mattresses, window blinds, window shades, awnings cabinets, fixtures	P
Office and warehousing	3610	Storage of goods related to on-site office or retail use	P
rail passenger transportation	4121	Passenger stations only	P
local transit systems--bus, special needs, sightseeing, taxi and limousine services	4133 – 4134 & 4136 - 4137	Single-mode local and non-local transit systems other than rail; excludes transit stops, which are allowed in all districts. Includes sightseeing, taxi and limousine services	P
marine and sightseeing transportation	4151	Provide water transportation, including scenic and sightseeing, for passengers	P

Land Use	LBCS #	Description	Approval Type
national post office	4181		P
retail courier and package delivery	4182	Retail courier, package drop-off and mail services	P
Motion pictures and sound recording	4220	Produce and distribute motion pictures and sound recordings	P
radio and television broadcasting	4231, 4232 & 4241	Operate broadcasting studios and facilities for over the air, cable or satellite delivery of radio and television programs	P
wireless telecommunications transmission	4233	Operate, maintain or provide access to facilities for the transmission of voice, data, text, sound or video, see section 35.2-73 for telecommunications towers	P
telephone and other wired telecommunications	4234	Operate telephone networks – excludes switching stations	P
Telecommunications switching stations/exchanges	4239	Telecommunications switching stations and exchanges with no on-site employees	C
library or archive	4242	Provide library or archive services	P
news syndicate	4243	Supply information such as news reports, articles, pictures and features to the news media	P
data processing and management, hosting and related services	4244	Web hosting, computer data storage, optical scanning, computer input preparation, microfilm imaging	P
Public Utilities Services, Major	4315, 4329, 4339, 4349	Includes transmission lines for water, wastewater, stormwater, electricity, natural gas or telecommunications services regulated by the State Corporation Commission of a regional nature and normally entail the construction of new buildings or structures such as electrical switching facilities and stations or substations, electric, gas, and other utility transmission lines of a regional nature which are not otherwise reviewed and approved by the Virginia State Corporation Commission. All overhead transmission lines are included in this definition.	C

Land Use	LBCS #	Description	Approval Type
Public Utilities Service Minor	4315, 4329, 4339, 4349	Includes distribution or collection lines and appurtenances for water, wastewater, stormwater, electricity, natural gas or telecommunications services regulated by the State Corporation Commission that are necessary to support development within the immediate vicinity and involve only minor structures. Included in this use type are small facilities such as transformers, relay and booster devices, and well, water and sewer pump stations, and wireless communication antennas attached to existing buildings or structures.	P
electric substations	4316		C
Water treatment plants and utility facilities	4331 – 4333,	Water treatment plants, pumping stations and lift stations	C
Theater, dance or music establishment	5110 & 5160	Companies, groups, or theaters that produce theatrical presentations, dance, dinner theaters, and live musical entertainment; includes facilities for independent artists and performers	P
Motion picture viewing and exhibition services	5111	Operate movie theaters (excluding drive-ins), film festival exhibitions	P
Promoter of sports, performing arts, similar events and management services	5140 - 5150	Organize, promote, and manage performances and events; agents representing artists, athletes and entertainers	P
Indoor auditorium or arena	5170	Indoor auditoriums, arenas, conference centers, or multipurpose facilities	C
Outdoor auditorium/arenas	5180	Outdoor arenas, theaters and stadiums	C
Museums and Other Special Purpose Recreational Institutions	5200	Public and private museums, historical sites, and similar establishments	P
Amusement or theme park establishment	5310	Operate a variety of attractions such as mechanical rides, water rides, games	C
Commercial Amusements	5320, 5380, 5390	Operate arcades and other commercial amusements as defined herein	C
Country Club	5340 & 6830	Operate private country clubs, with tennis courts and golf courses along with dining facilities and other recreational facilities; includes civic, social and fraternal organizations without dwellings	P

Land Use	LBCS #	Description	Approval Type
fitness and recreational sports center	5371	Aerobic dance or exercise center, gymnasium, physical fitness center, health and athletic club, indoor handball, racquetball, volleyball, tennis, or swimming facilities conducted inside a building	P
outdoor recreation	5372, 5373 & 5374	Includes for profit golf courses, archery ranges, outdoor volleyball, tennis, or swimming facilities, recreational courts, recreational day camp and horseback riding	C
shooting ranges, indoor	5375		C
shooting ranges, outdoor	5376		
Natural and other Recreational Parks	5500	All parks without special economic functions, other than limited concessions	P
Nursery or preschool	6110		P
Grade school	6120	Comprises all public, private, and specialty schools between the preschool and university level; includes adult education services not addressed elsewhere. See district use standards.	P
College or university	6130	See district use standards.	P
general technical schools	6141-6143, 6145, 6147	Offer courses in office procedures, administrative skills, and basic office skills; dance, art, drama, and music; athletic activities. See district use standards.	C
Other Government Functions	6300	Other government owned establishments not classified elsewhere such as defense and national guard establishments	C
Public Safety	6400	Government-owned establishments providing fire and rescue, police, and emergency response services	P
clinic	6511 & 6567	Include physician offices, dentists, chiropractors, optometrists, licensed massage therapists, and veterans' affairs services	P
outpatient care clinic	6512	Provide outpatient family planning services and outpatient care	P

Land Use	LBCS #	Description	Approval Type
medical or diagnostic laboratory; blood/organ bank	6513 - 6514	Provide analytic or diagnostic services including medical imaging	P
group home small	6522	Fewer than five (5) aged or infirm individuals or fewer than nine (9) individuals with mental, intellectual or developmental disabilities	P
group home large	6523	Five or more aged or infirm individuals, or nine (9) or more individuals with mental, intellectual or developmental disabilities	P
Hospital	6530		C
child and adult day care	6562	Provide day care for children and adults	
home	6562a	Day care for fewer than six (6) individuals in a residence	P
small	6562b	Day care for six (6) to twelve (12) individuals in a residence	P
large	6562c	Provide care for more than 12 individuals	P
Religious Institutions	6600	Churches, temples, synagogues, mosques, convents and monasteries	P
Death Care Services	6700	Funeral homes, crematories, cemeteries	
Funeral home and services	6710	Includes funeral homes combined with crematories	P
columbarium	6724		P
CONSTRUCTION-RELATED BUSINESSES	7000	Contractors who can build or demolish buildings, leveling, earthmoving, excavating, land drainage; should reflect the location of the establishment and not where it is performing its services. This category also includes the manufacture of industrial buildings, manufactured homes, modular homes, storage buildings and similar structures. Note that district standards may limit or preclude manufacturing, outdoor operations, outdoor storage of commercial vehicles and materials.	P
Vegetable farming or growing	9120	Includes private fields and community gardens with production limited to retail sales	P
Greenhouse – no on-premises sales	9141	Includes fruit and nut trees with production limited to retail sales	P
Greenhouse – sales of products grown on premises	9142		P

Land Use	LBCS #	Description	Approval Type
Greenhouse – sales of products and related accessory products	9143		P
Animal Production	9300	Keep, graze, breed or feed animals (see standards in section 35.2-71.7)	P
tent revival meetings/ transient amusements	9921	Includes temporary carnivals and circuses sponsored by non-profit organizations (see section 35.2-72.23)	P
temporary outdoor promotional attractions	9922	Includes car shows, boat shows and similar short-term events intended to promote commercial sales or services (see section 35.2-72.23)	P
traditional neighborhood development	9952	See section 35.2-82	C
large scale retail establishments	9954	See section 35.2-84	P
cluster commercial development	9955	See section 35.2-85	C

35.2-48.2 Authorized Uses

Exhibit IV-19: Authorized Uses in B-5 District

Land Use	LBCS #	Description	Approval Type
single-household detached	1111S	Typical single-household dwelling	C
modular home	1114S	<u>A prefabricated home without axles or frames (see definitions)</u>	C
manufactured home	1115S	<u>A structure, transportable in one (1) or more sections, built after 1978 on a permanent chassis, and designed for use with or without a permanent foundation when connected to the required utilities (see definitions)</u>	C
Two-household (duplex)	1121S	<u>A building located on one (1) zoning lot containing not more than two (2) dwelling units</u>	C
single-household semi-detached	1112 1122S	One of two dwellings separated by a party wall, <u>on abutting lots</u>	C
single-household attached (townhouse)	1113 1140S	Each unit on a separate lot; fire wall may protrude from roof or roofs may be staggered	C
Three or More Households	1130 1200S	Includes triplexes, four-plexes, and other multi-household dwellings	C
<u>Mixed-use residential structures (see district regulations for limitations)</u>	1201S	<u>Typically commercial uses on lower floors and residential uses on upper floors</u>	<u>P</u>
Housing Services	1200	Housing and custodial services for those who cannot care for themselves. Includes nursing and retirement homes, congregate living, assisted and continuing care living, but excludes rehab uses in LBCS #6520)	P
Bed & Breakfast and Tourist Homes	1310	Guest rooms in a private home or accessory building to a private home	P
boarding house	1321	Non-transient lodging that may include meals and is owner occupied	P
rooming house	1322	Transient or non-transient lodging that may include meals	P
dormitory, sorority or fraternity house	1323	Allowed only as accessory uses to and owned by a college or university	C

Land Use	LBCS #	Description	Approval Type
Hotel, motel, or tourist court	1330	Hotels that do not have gambling services; includes extended-stay hotels	P
car, motorcycle, manufactured homes or RV dealer	2111-2113	New or used automobiles, light trucks, motorcycles, RV's, manufactured homes, and buses	P
bicycles	2113b	New or used bicycle sales, rental and repair	P
boat or marine craft dealer	2114	New or used boats sales, rental and related repair services	P
parts, accessories, or tires	2115	Automotive parts and supply stores, automotive stereo stores.	P
gasoline service	2116	Gas stations with or without convenience stores or food marts, excludes truck stops, light auto repair and heavy auto repair	P
light auto repair	2117a	Oil change, light auto repair and car wash. May include gasoline and other related sales.	P
heavy auto repair	2117b	Auto repair, paint and body shops. May include gasoline and other retail sales.	P
furniture or home furnishings, hardware, home center, lawn and garden supplies, department store, warehouse club or superstore, electronics and appliances	2121-2125	Furniture, flooring, bedding stores; home building and repair supplies, painting supplies, farm goods, lighting supply, window treatment; nursery and garden products predominantly grown elsewhere, power equipment sales or services; large variety stores; household-type appliances, television, stereos, including repair shops and cell phone stores.	P
lumber yard and building materials; heating and plumbing equipment; heavy equipment	2126-2128	Lumber yards and heavy building materials; heating and plumbing equipment retailers; for heating and plumbing contractors who install or service, use the appropriate construction category; construction equipment and vehicles; includes authorized storage (3650)	P
computer and software	2131	Computers and prepackaged software including repair, support, and training	P
camera and photographic supplies; clothing, jewelry, luggage, shoes, clocks, sewing; sporting goods, toy and hobby, and musical instruments; mixed media, school and office supplies	2132-2135	Primarily retail cameras and photographic supplies or retail with repair and film developing; clothing (including shoe repair and tailoring, sporting goods, toys, musical instruments, kitchen goods, books, magazines, music, videos, stationary, greeting cards, seasonal decorations, office and school supplies.	P

Land Use	LBCS #	Description	Approval Type
florist, art supplies, tobacco products	2141-2143	Florists, art supplies and art dealers, frame shops, tobacco products	P
art galleries	2142b	Excludes art supply sales and retail framing services	P
mail order or direct selling establishment	2144	Retailing other than through locations where shoppers physically visit	P
antique shop	2145	Antique shops, (excludes flea markets, thrift stores and pawn shops)	P
flea markets and thrift stores	2145b	Flea markets and thrift stores	P
grocery store, supermarket, or bakery, convenience store, specialty food stores	2151-2154	Included are grocery stores, convenience stores, meat, seafood and produce markets, coffee, confections, variety goods and general stores, and delicatessens. Excludes stores with fuel pumps (see 2116 for fuel sales).	P
beer, wine, and liquor store	2155		P
Health and personal care	2160	Retail prescription or nonprescription drugs; retail cosmetics, perfumes, toiletries; prescription or nonprescription eyeglasses; prescription or nonprescription health and convalescent aids; medical devices, retail food supplement products such as vitamins, nutrition supplements, and body enhancing supplements.	P
Markets for farm produce or crafts	2199	Markets and truck gardens.	P
Bank, credit union, or savings institution	2210	Central banking functions	P
credit card and other financing	2221	Credit card, sales financing, unsecured consumer lending, real estate credit, mortgages, international trade financing	P
pawn shops	2222		P
short-term loans	2223	Pay-day lenders and other businesses providing loans with terms of 45 days or less	P
precious metal buyers	2224	Businesses providing cash for gold and other precious metals or gems (excludes retail jewelers)	P

Land Use	LBCS #	Description	Approval Type
Investment banking, securities, and brokerages; insurance; fund, trust, or other financial establishment	2230-2250	Securities underwriting, brokering, exchange services, managing portfolios; Insurance underwriting, selling insurance; manage assets on behalf of shareholders or beneficiaries	P
Real estate services	2310	Sell or lease real estate such as buildings, manufactured home sites and vacant lots; includes real estate appraisers and realtor offices	P
Property management services	2320	Manage real property for others	P
vehicles	2331 & 2332	Lease passenger cars, trucks, trailers, RVs, buses and aircraft; drivers not provided	P
recreational goods rental	2333	Rent skis, canoes, bicycles, sailboats, motorcycles	P
commercial, industrial or consumer machinery and equipment rental	2334 - 2335	Rent or lease: a) office machinery and equipment; heavy equipment without operators used for construction, well-drilling; other machinery and equipment for uses such as manufacturing or telecommunications; operators not included (note: see 2337 for heavy equipment leasing) personal and household-type goods and a range of equipment geared toward consumers	P
Professional offices	2411-2014	Title abstract, lawyers, notaries, accountants, bookkeeping, payroll services, architects, engineers, surveyors, graphic design, interior design and industrial design	P
consulting services (management, environmental technical)	2415	Advise and assist businesses on management, scientific, and technological issues	P
scientific research and development services	2416	b) Conduct research or analyze in the physical, engineering, cognitive, or life sciences in laboratories or offices.	P
advertising, media and photography services	2417	Includes advertising, marketing and public relations agencies, photographic studios and photographic services.	P
veterinary services	2418	Veterinary medicine, testing services for veterinary practitioners	P
other professional offices	2419, 6810, 6820	Includes advertising and media services intellectual property rights, franchising, labor, political or business organizations, and uses with similar impacts	P

Land Use	LBCS #	Description	Approval Type
office administrative services	2421	Office administration such as billing, record keeping, personnel, organizational planning	P
facilities support services	2422	Provide operating staff for support services within a client's facilities, including janitorial, security, laundry services, etc.	P
employment agency	2423a	Provide employee placement, temporary help	P
hiring hall	2423b	Place of assembly for the registration or assignment of employment	P
copy center, private mail center, other business support services	2424	Provide document preparation, telephone answering, telemarketing, court reporting, steno typing, FAX, internet access, small signs and banners	P
collection agency	2425	Collect payments, compile credit information, repossess tangible assets	P
Travel arrangement and reservation services	2430	Promote or sell travel, includes convention and visitors' bureaus	P
Investigation and security services	2440	Provide detective, guard and patrol services, picking up and delivery of money, selling of security systems, remote monitoring of security systems, locksmiths	P
Services to buildings and dwellings	2450	Provide pest control, janitorial services, landscaping, carpet cleaning, etc. (2451-2454)	P
packing, crating	2455		P
Restaurants, cafeterias, snack bars & catering	2510-2530 & 2560	Provide food and drinks to patrons – see district specific use regulations for limitations. Includes banquet, assembly and reception halls. See district standards.	P
Mobile food services	2550	Prepare and serve meals and snacks for immediate consumption from motorized vehicles	P
Food service contractor and vending machine operators	2570 & 2580	Provide food services at institutional, governmental, commercial, or industrial locations based on contracts. Retail merchandise through vending machines that they service	P

Land Use	LBCS #	Description	Approval Type
Personal care	2610	Hair, nail, and skin care and related personal care, barbers, beauty shops, dieting and weight loss, tanning, hair removal, hair weaving, ear piercing and similar services	P
laundromat and dry cleaning	2621 & 2622	Includes Laundromats, dry cleaners, diaper services as well as other commercial laundry services	P
linen and uniform supply	2623		P
Photofinishing	2630	Primarily engaged in developing film or making slides, etc.	P
Parking lot and parking garage	2640	See district standards	P
licensed massage therapist	2651		P
tattoo parlor	2652	Tattoos by a licensed professional	P
adult retail establishment	2653	Stores primarily selling adult oriented products, including books, videos, magazines, toys, lingerie and other sexually-oriented goods	P
Pet or pet supply store	2710	Retail pets, pet foods, pet supplies	P
animal services	2721	grooming and training	P
animal boarding	2722	sitting and boarding	P
pet cemetery	2723		P
Food and beverages	3110	Includes bakery and candy establishments that produce for later consumption; ice manufacturing; dairies; bottling plants; and peanut and coffee roasting	P
Textiles, leather and leather substitute products	3130 & 3140	Textile mills, apparel manufacturers and canvas making; dying plants and dry cleaning plants; leather and leather substitutes such as rubber footwear (excluding leather tanning)	P
Furniture and related products	3230	Includes manufacture and repair of furniture, upholstery, mattresses, window blinds, window shades, awnings cabinets, fixtures	P
Signs	3440	Manufacturing of signs to be erected or installed (excludes banner printing)	P

Land Use	LBCS #	Description	Approval Type
Blacksmith		Creation of objects from wrought iron steel, such as gates, railings, furniture, and other functional and decorative items	P
Wholesale Trade Establishment	3500	Normally operate from a warehouse or office, selling or arranging the purchase of goods to other businesses	P
Office and warehousing	3610	Storage of goods related to on-site office or retail use	P
Warehousing	3620	Storage of goods as the principal use; includes mini-warehouses, self-storage facilities and moving companies	P
rail passenger transportation	4121	Passenger stations only	P
local transit systems--bus, special needs, sightseeing, taxi and limousine services	4133 – 4134 & 4136 - 4137	Single-mode local and non-local transit systems other than rail; excludes transit stops, which are allowed in all districts. Includes sightseeing, taxi and limousine services	P
towing and other road and ground services	4138	Tow vehicles	P
Truck and freight transportation services	4140	Provide over-the-road transportation of cargo using motor vehicles and temporary storage	C
national post office	4181		P
retail courier and package delivery	4182	Retail courier, package drop-off and mail services	P
Courier and messenger services	4190	Provide air, surface, or combined courier delivery services of Parcels and messages (excludes retail package drop-off and local courier services)	P
Publishing	4210 & 4221	Issue copies of works for which they usually possess copyright, including printing plants, motion picture and audio publishing. Includes newspaper publishing, greeting card printing and lithography	P
Motion pictures and sound recording	4220	Produce and distribute motion pictures and sound recordings	P
radio and television broadcasting	4231, 4232 & 4241	Operate broadcasting studios and facilities for over the air, cable or satellite delivery of radio and television programs	P

Land Use	LBCS #	Description	Approval Type
wireless telecommunications transmission	4233	Operate, maintain or provide access to facilities for the transmission of voice, data, text, sound or video, see section 35.2-73 for telecommunications towers	P
telephone and other wired telecommunications	4234	Operate telephone networks – excludes switching stations	P
Telecommunications switching stations/exchanges	4239	Telecommunications switching stations and exchanges with no on-site employees	C
library or archive	4242	Provide library or archive services	P
news syndicate	4243	Supply information such as news reports, articles, pictures and features to the news media	P
data processing and management, hosting and related services	4244	Web hosting, computer data storage, optical scanning, computer input preparation, microfilm imaging	P
Public Utilities Services, Major	4315, 4329, 4339, 4349	Includes transmission lines for water, wastewater, stormwater, electricity, natural gas or telecommunications services regulated by the State Corporation Commission of a regional nature and normally entail the construction of new buildings or structures such as electrical switching facilities and stations or substations, electric, gas, and other utility transmission lines of a regional nature which are not otherwise reviewed and approved by the Virginia State Corporation Commission. All overhead transmission lines are included in this definition.	C
Public Utilities Service Minor	4315, 4329, 4339, 4349	Includes distribution or collection lines and appurtenances for water, wastewater, stormwater, electricity, natural gas or telecommunications services regulated by the State Corporation Commission that are necessary to support development within the immediate vicinity and involve only minor structures. Included in this use type are small facilities such as transformers, relay and booster devices, and well, water and sewer pump stations, and wireless communication antennas attached to existing buildings or structures.	P
electric substations	4316		C
Water treatment plants and utility facilities	4331 – 4333,	Water treatment plants, pumping stations and lift stations	C
recycling collection centers	4349	Drop-off facilities for the collection of recycled goods	P

Land Use	LBCS #	Description	Approval Type
Theater, dance or music establishment	5110 & 5160	Companies, groups, or theaters that produce theatrical presentations, dance, dinner theaters, and live musical entertainment; includes facilities for independent artists and performers	P
Motion picture viewing and exhibition services	5111	Operate movie theaters (excludes drive-ins), film festival exhibitions	P
Promoter of sports, performing arts, similar events and management services	5140 - 5150	Organize, promote, and manage performances and events; agents representing artists, athletes and entertainers	P
Indoor auditorium or arena	5170	Indoor auditoriums, arenas, conference centers, or multipurpose facilities	C
Outdoor auditorium/arenas	5180	Outdoor arenas, stadiums and theaters	C
Museums and Other Special Purpose Recreational Institutions	5200	Public and private museums, historical sites, and similar establishments	P
Amusement or theme park establishment	5310	Operate a variety of attractions such as mechanical rides, water rides, games	C
Commercial Amusements	5320, 5380, 5390	Operate arcades and other commercial amusements as defined herein	P
Country Club	5340 & 6830	Operate private country clubs, with tennis courts and golf courses along with dining facilities and other recreational facilities; includes civic, social and fraternal organizations without dwellings	P
fitness and recreational sports center	5371	Aerobic dance or exercise center, gymnasium, physical fitness center, health and athletic club, indoor handball, racquetball, volleyball, tennis, or swimming facilities conducted inside a building	P
outdoor recreation	5372, 5373 & 5374	Includes for profit golf courses, archery ranges, outdoor volleyball, tennis, or swimming facilities, recreational courts, recreational day camp and horseback riding	P
shooting ranges, indoor	5375		C
Camps, Camping, and Related Establishments	5400	Operate sites to accommodate campers and their equipment, provide overnight recreational camps, may provide cabins, food services, washrooms, spaces for overnight parking or recreational vehicles	C

Land Use	LBCS #	Description	Approval Type
Natural and other Recreational Parks	5500	All parks without special economic functions, other than limited concessions	P
Nursery or preschool	6110		P
Grade school	6120	Comprises all public, private, and specialty schools between the preschool and university level; includes adult education services not addressed elsewhere. See district use standards.	P
College or university	6130	See district use standards.	P
general technical schools	6141-6143, 6145, 6147	Offer courses in office procedures, administrative skills, and basic office skills; dance, art, drama, and music; athletic activities	P
driving education	6144		P
Other Government Functions	6300	Other government owned establishments not classified elsewhere such as defense and national guard establishments	P
Public Safety	6400	Government-owned establishments providing fire and rescue, police, and emergency response services	P
clinic	6511 & 6567	Include physician offices, dentists, chiropractors, optometrists, licensed massage therapists, and veterans' affairs services	P
outpatient care clinic	6512	Provide outpatient family planning services and outpatient care	P
medical or diagnostic laboratory; blood/organ bank	6513 - 6514	Provide analytic or diagnostic services including medical imaging	P
group home small	6522	Fewer than five (5) aged or infirm individuals or fewer than nine (9) individuals with mental, intellectual or developmental disabilities	P
group home large	6523	Five or more aged or infirm individuals, or nine (9) or more individuals with mental, intellectual or developmental disabilities	P
Hospital	6530		P
child and adult day care	6562	Provide day care for children and adults	
home	6562a	Day care for fewer than six (6) individuals in a residence	P

Land Use	LBCS #	Description	Approval Type
small	6562b	Day care for six (6) to twelve (12) individuals in a residence	P
large	6562c	Provide care for more than 12 individuals	P
Religious Institutions	6600	Churches, temples, synagogues, mosques, convents and monasteries	P
Death Care Services	6700	Funeral homes, crematories, cemeteries	
Funeral home and services	6710	Includes funeral homes combined with crematories	P
free-standing cemetery	6722		P
columbarium	6724		P
CONSTRUCTION-RELATED BUSINESSES	7000	Contractors who can build or demolish buildings, leveling, earthmoving, excavating, land drainage; should reflect the location of the establishment and not where it is performing its services. This category also includes the manufacture of industrial buildings, manufactured homes, modular homes, storage buildings and similar structures. Note that district standards may limit or preclude manufacturing, outdoor operations, outdoor storage of commercial vehicles and materials.	P
Vegetable farming or growing	9120	Includes private fields and community gardens with production limited to retail sales	P
Commercial orchards	9130	Includes fruit and nut trees with production limited to retail sales	P
Greenhouse – no on-premises sales	9141	Commercial greenhouse production	P
Greenhouse – sales of products grown on premises	9142		P
Greenhouse – sales of products and related accessory products	9143		P
Animal Production	9300	Keep, graze, breed or feed animals (see standards in section 35.2-71.7)	P
tent revival meetings/transient amusements	9921	Includes temporary carnivals and circuses sponsored by non-profit organizations (see section 35.2-72.23)	P
temporary outdoor promotional attractions	9922	Includes car shows, boat shows and similar short-term events intended to promote commercial sales or services (see section 35.2-72.23)	P

Land Use	LBCS #	Description	Approval Type
traditional neighborhood development	9952	See section 35.2-82	C
large scale retail establishments	9954	See section 35.2-84	P
cluster commercial development	9955	See section 35.2-85	C
flex space development	9956	See section 35.2-86	C
corporate campus	9957	See section 35.2-87	C
Billboards – only existing billboards allowed per section 35.2-64.16	9990	Billboards and other signs advertising goods and services not available on the site where the sign is located	P

35.2-48.3 District Use Standards

The following standards supplement the standards for specific uses established in Article VII:

- (a) No operations shall create conditions of smoke, fumes, noise, odor, light or dust detrimental to health, safety or the general welfare of the community.
- (b) Billboards shall be subject to the regulations of section 35.2-64.16 (Billboards).
- (c) Second-hand stores may include auction sales provided such activity is conducted wholly within an enclosed building.
- (d) Storage warehouses and yards shall not include the storage of combustibles prohibited by the fire code, sand yards, gravel yards, coal yards, railroad yards and automobile wrecking yards.
- (e) Schools and colleges of all types that exceed a maximum enrollment of one hundred (100) students are prohibited unless otherwise approved through issuance of a conditional use permit.
- (f) Except residential uses specifically permitted by conditional use permit, ground floor residential uses shall be prohibited except when part of a mixed-use building where the residential access is taken from an urban collector or local street.
- (g) Large-scale retail establishments shall comply with the provisions of section 35.2-84 (Retail Establishments, Large Scale) unless otherwise approved through issuance of a conditional use permit.
- (h) Outdoor storage, which is permitted as an accessory to a principal use, shall be screened in accordance with section 35.2-63.9 (Utility Screening).

35.2-56.7 SC District Development Standards

Except as specifically noted herein, the following standards shall apply in addition to any of the development standards applicable in the underlying zoning district:

- (i) **Setbacks.** The minimum building and parking setbacks are established at forty (40) feet for lots abutting the public street on which the scenic corridor overlay district is centered. This setback shall be measured from the right-of-way line shared by the lot and the public street on which the scenic corridor overlay district is centered. ~~This provision shall not be applicable to limited access highways.~~
- (j) **Utilities.** All utilities shall be located underground.
- (k) **Building Bulk Softening.** There shall be a building bulk softening effect created by landscaping between a structure and a limited access highway. Landscaping shall be at the outer boundaries and in the required setbacks and shall be provided except where driveways or other openings are required. Plantings shall be in an irregular (or "staggered") line. Clustering of plant and tree species shall be required.
 1. For the purpose of this section, the following definitions shall be applicable:
 - a. Large deciduous tree. A large deciduous tree shall be of a species having an average minimum mature crown spread of greater than thirty (30) feet. A minimum caliper of at least two and one-half (2 1/2) inches at the time of planting shall be required.
 - b. Small deciduous tree. A small deciduous tree shall be of a species having an average minimum mature crown spread of greater than twelve (12) feet. A minimum caliper of at least one and three-fourths (1 3/4) inches at the time of planting shall be required.
 - c. Evergreen trees. Evergreen trees shall have a minimum height of at least six (6) feet at the time of planting.
 - d. Medium shrubs. Shrubs and hedge forms shall have a minimum height of at least two (2) feet at the time of planting.
 2. For buildings twelve (12) feet or less in height (eave height).
 - a. At least one small deciduous tree for each fifty (50) linear feet of building and at least one evergreen tree for each thirty (30) linear feet shall be planted.
 - b. At least one medium shrub for each twenty (20) linear feet shall be planted. (In lieu of the required shrubbery, a landscaped earthen berm can be used. Generally, the earthen berm shall have a varying width and height, curvilinear in form, providing a gentle tie-in with the existing grade. The minimum height shall be three (3) feet.)
 3. For buildings greater than twelve (12) feet in height (eave height).
 - a. At least one large deciduous tree for each fifty (50) linear feet and at least one evergreen tree for each thirty (30) linear feet shall be planted.
 - b. At least one small deciduous tree for each fifty (50) linear feet shall be planted.

- c. At least one medium shrub for each twenty (20) linear feet shall be planted. (In lieu of the required shrubbery, a landscaped earthen berm can be used. Generally, the earthen berm shall have a varying width and height, curvilinear in form, providing a gentle tie-in with the existing grade. The minimum height shall be three (3) feet.)

(l) **Architectural Treatment.**

1. No portion of a building constructed of unadorned cinderblock or corrugated and/or sheet metal shall be visible from any adjoining single-household or two-household residential district or public right-of-way.
2. Buildings shall be designed to use, to the greatest extent feasible, building materials that are compatible with the Scenic Corridor Overlay District environment, such as rock, stone, brick and wood.
3. Vegetative buffering as provided in section 35.2-63.10, placed along that portion of a building not otherwise meeting the requirements of architectural treatment, will be deemed sufficient treatment for the purposes of this section.

(m) **Signs**

1. **Prohibited signs.** The following types of signs shall be prohibited within the Scenic Corridor Overlay District:
 - a. Billboards;
 - b. Signs painted on building or premise;
 - c. Changeable copy signs;
 - d. Pennants, non-governmental flags, non-company/corporate logo flags, banners;
 - e. Roof signs (above line of roof);
 - f. Signs that contain an off-site commercial motif not incidental to the use of the site (soda bottles, hamburgers, figures, etc.) or other outdoor commercial displays; and
 - g. Signs that are not of a standard geometric shape or with a backing that is not of a standard geometric shape.
2. **Permitted signs.** A unified system of signage and graphics shall be encouraged for each individual development. Signage concepts should be considered during the design of buildings. Size, height, location, material, and color should strongly relate to building and site design.
 - a. Each development shall be permitted one (1) detached free standing sign identifying the development and announcing only the name or location of the development and business names of tenants therein. One logo per sign shall be permitted. All tenant signs (individual signs for businesses in a development) shall be uniform in letter size and color.
 - b. For each independent development within an industrial park one identification sign shall be permitted on each fronting public street.

- c. Directional signs indicating location of truck entrances, employee parking, shipping and receiving, and similar activities; provided that all such signs are located on the property of the business and no such signs exceed four (4) square feet in area. Directional signs shall contain no advertising.
- d. The backing and support material of the face sign shall be of the same material as of that portion of the building which faces any adjoining single-household or two-household residential district or public right-of-way, or of a natural material (such as rock, stone, brick, wood).
- e. Other signs such as real estate, political, etc., not specifically addressed in the Scenic Corridor Overlay District Standards are to conform to the regulations of the underlying districts.

35.2-63.9 Utility Screening

- (a) Loading areas, refuse areas, storage yards, stormwater management ponds, water vaults, Reduced Pressure Zone (RPZ) devices or other objectionable items shall be screened from view of any public or private street, or any adjacent residential district.
- (b) Stormwater Management Facilities intended for display as a water feature or naturalized planting area are exempt from screening requirements.
- (c) Screening may be accomplished by a combination of existing evergreen vegetation, walls, fences, earthen berms and new evergreen vegetation appropriate to screen the equipment or activity. The required height of screening at installation shall be sufficient to screen the equipment or activity.
- (d) The use of chain link fence as the sole method of screening is prohibited. Where it is deemed appropriate by the property owner or developer for security purposes, the chain link fence shall be screened from view as listed in paragraph (c) above.
- (e) **Mechanical Equipment and Dumpsters.** Mechanical equipment and dumpsters shall be located and screened as follows:
 - 1. Ground-fixed mechanical equipment shall not be located between the front of a building and the street. If located between the building and a street, the equipment shall be screened from view with masonry wall *or* evergreen shrubs.
 - 2. Rooftop mechanical equipment shall be screened from adjacent properties and from street view by a parapet or architecturally compatible rooftop screen.

Illustration of Screening for Mechanical Equipment



- 3. Trash dumpsters shall not be located between the front building facade and the public street or internal street.
- 4. No trash dumpsters shall be located between a building and a residential district unless set back from the residential district at least a minimum of fifty (50) feet.
- 5. Dumpsters shall be separated from adjacent parking stalls by a minimum three (3) feet wide (interior clear dimension) planting strip.
- 6. Dumpsters shall be enclosed with a wood or vinyl fence or a masonry wall constructed of the same materials as the principal structure. The fence or wall enclosure shall screen the dumpster and be at least six (6) feet and no more than eight (8) feet in height.

35.2-71.4 Home Occupations

Home occupations may be established subject to the following requirements:

- (a) Subject to the performance standards listed in paragraph 2 of this section, home occupations may include:
 - 1. Professional offices for certified, ordained, licensed or registered professions, including, but not limited to offices for an architect, draftsman, attorney-at-law, conveyancer, dentist, surveyor, professional engineer (civil, electrical, mechanical or other), public accountant, minister or teacher residing in the dwelling or dwelling unit in which the office is located;
 - 2. Personal or medical services offered by individuals licensed by the state, such as licensed massage therapists, physicians, osteopaths, healers, dentists, midwives, barbers and hairstylists; and
 - 3. Artists, craftsmen and teachers.
- (b) Home occupations shall:
 - 1. Be limited to visiting clients on an appointment basis and shall not offer services to the general public on a drop-by basis;
 - 2. Be conducted by a member of the household residing on the premises except that, in connection with the practice of a profession listed under paragraph 1.a., one (1) person not residing in such dwelling unit may be employed;
 - 3. Not provide services to more than one client at a time for professions listed in paragraph (a) of this section;
 - 4. Be allowed one (1) sign not exceeding one (1) square foot in area and fixed flat to the wall of the building shall be permitted for each street on which the lot abuts to identify the home occupation. No artificial lighting shall be used to illuminate the sign or exterior of the building, nor shall any display of products be made which will indicate from the exterior that the building is being used for any purpose other than that of a dwelling;
 - 5. Be limited to mechanical equipment that is customary for purely domestic or household purposes;
 - 6. Not have any outside storage of goods or equipment other than one (1) business vehicle and one (1) trailer per lot, providing said trailer is located behind the building line of the main structure on the property and it is not over twenty-two (22) feet in length or eight (8) feet, nine (9) inches in height;
 - 7. Not use more than twenty (20) percent of the principal dwelling's gross floor area for the home occupation, regardless of whether the home occupation is conducted in the principal dwelling or an accessory building; and
 - 8. Be limited to incidental retail sales of goods to customers of the primary service provided.

35.2-71.7 Farm Animals

Exhibit VII-1: Standards for Farm Animals

Farm Animals	Zoning Provisions	Standards
All farm animals	Commercial Production	Any production of eggs, milk, meat or other farm animal products for sale is prohibited on lots smaller than 10 acres
Poultry	Definition	Any free-ranging, domesticated fowl, with an adult weight no greater than 30 lbs.
	Minimum distance of enclosure from nearest residence and/or property lines and location	• 20 feet from property line for 4 or fewer hens • 100 feet from nearest residence if more than 4 hens are kept • Located behind front building line
	Maximum number of fowl	• 4 fowl on lots of 15,000 sq.ft. or smaller plus • 1 fowl for every additional 5,000 sq.ft. of lot area • Maximum of 40 fowl
Small farm animals	Definition	Any domesticated farm animal used for the production of food and food products, with an adult weight no greater than 150 lbs.
	Maximum number of small farm animals & distance from property line.	• 2 small animals on lots less than 10 ac. • Minimum lot size of 15,000 sq.ft. • 1 additional small farm animal per additional acre of lot area • Located behind front building line • 20 feet from property line.
	Maximum number of goats by area	• On lots of 15,000 sq.ft. or larger in area, 2 goats may be kept • One additional goat may be kept for each acre of land area in excess of 15,000 square feet
	Keeping of swine	Prohibited
Large farm animals	Definition	Any animal with an adult weight of 151 lbs. or greater
	Maximum number of animals	• 2 acres minimum for keeping of up to 2 large animals. Keeping of 3 or more large farm animals shall require 10 acres of land.
	Accommodations	• Enclosures, not including fences, are required and must to be located at least 200 feet from any property line • Located behind front building line

35.2-72.23 Temporary Uses

- (a) **Generally.** The following uses shall be allowed as temporary uses by the Zoning Administrator subject to the procedures established in section 35.2-14.5 and the provisions of this section.
- (b) **Carnivals and Fairs, Temporary.** Temporary carnivals and fairs (see use LBCS code 9921) permitted within the boundaries of the City of Lynchburg shall meet the following standards:
1. A temporary use permit shall be required which shall have a maximum duration of thirty (30) days.
 2. Such carnival or fair must be under the sponsorship of a nonprofit organization located within Lynchburg, Amherst, Campbell or Bedford County, or a City or town situated in one of those counties.
 3. The location of the carnival or fair shall have direct access to an arterial or collector road.
 4. Off-street parking, in amounts to be determined by the City Planner, shall be provided in sodded areas, parking lots ordinarily used for other purposes, or in such other ways that muddy conditions and erosion shall be minimized.
 5. Exterior lights shall be shielded from any adjacent residential areas
 6. Amplified music or other noise shall cease between the hours of 10:00 p.m. and 9:00 a.m.
 7. After the duration of the fair or carnival, all grounds used shall be restored to their condition before the fair or carnival. It shall be the responsibility of the sponsoring organization to perform such restoration.
- (c) **Temporary Outdoor Promotional Attractions.** Temporary outdoor promotional attractions (see LBCS code 9922) incident to a shopping center or other business establishment, such as auto, boat or home shows, pony and hay rides, acrobatic acts and the like, may be permitted by temporary use permit subject in each case to approval by the Zoning Administrator and compliance with the following conditions:
- ~~1. Such a permit shall be issued only for use within the B-3, B-4 or B-5 districts.~~
 - ~~2.1.~~ A permit for any such attraction shall not be issued for a longer period than fifteen (15) days, but may be renewed by the Zoning Administrator with or without modification; or may be revoked.
 - ~~3.2.~~ A charge may be made for admission to or use of any such attraction.
 - ~~4.3.~~ No such attraction shall be located less than one hundred fifty (150) feet of the nearest lot line of any adjacent dwelling, except multi-household or mixed use residential structures.
 - ~~5.4.~~ Lights, music, amplifiers and other noise shall be controlled so as not to be a nuisance to adjacent residents.
 - ~~6.5.~~ The hours of operation shall not extend beyond the normal business hours of the business establishments to which such attractions are incident.
 - ~~7.6.~~ In the event the Zoning Administrator refuses to issue a permit or revokes a permit previously issued for said promotional attractions, the applicant for such a permit shall have the right of appeal to the Board of Zoning Appeals.

35.2-80 Residential Cluster Subdivisions

35.2-80.4 Site Development Standards

Unless otherwise provided in this section, cluster development shall comply with regulations of the applicable zoning district governing setbacks, height, parking, landscaping, signs, lighting, access and public improvements.

Exhibit VIII-1: Standards for Single-Household and Duplex Clusters

Design Element	Standards
Minimum Size of Cluster Development	2 acres
Minimum Lot Area	50% of minimum lot area for applicable zoning district, Maximum lot coverage shall not apply
Minimum Lot Width	50% of minimum lot width for applicable zoning district, not to be reduced below 30 feet
Minimum Lot Width if Abutting a Conforming Single Family or Duplex Use Zoned R-1 or R-2	80% of the minimum lot width for the district applicable to the abutting lot, unless the lots are separated by an open space area measuring at least 50 feet in width
Setbacks	50% of setback for applicable zoning district except that side setbacks shall not be less than 5 feet
Minimum Open Space	30%

35.2-84.6 Building Design and Sustainability

- (a) Roofs. Parapets shall conceal flat roofs and all rooftop equipment such as heating ventilation and air conditioning (HVAC) units from street level view.
- (b) Entryways. The building shall have clearly defined, highly visible entryways.
- (c) Building façade. Building facades greater than 150 feet in length measured horizontally and visible from a public street, shall incorporate wall plane projections or recesses having a depth of at least three (3) feet to break up the expansiveness of the exterior. All recesses shall be properly lit to encourage a safe environment.
- (d) Outdoor vending areas. Outdoor vending areas shall be incorporated into the facade of the building.
- (e) Service areas incorporated into overall plan. Loading docks, truck parking, outside storage, cargo containers, trash collection, utility meters, HVAC equipment, trash collection, and other service functions shall be incorporated into the overall design and landscaping so that the visual and acoustical impacts of these functions screened from view of public / private streets and all adjacent properties (unless those adjacent uses are other loading areas, truck parking areas and storage areas) and no attention is attracted to the functions by the use of screening materials that are different from or inferior to the principal materials of the building and landscaping.
- (f) Buildings and sites shall be designed using crime prevention through environmental design (CPTED) strategies.
- (g) In all parking areas that are in excess of that required by section 35.2-62 et. seq., off-street parking and loading shall implement practices that will allow twenty-five percent (25%) of the stormwater attributable to the parking area for the 1-year storm to infiltrate to the soil below. In cases where soil quality or other limiting factors will not allow for adequate infiltration, filtering practices with underdrains may be used as an alternative, subject to approval by the Zoning Administrator.

35.2-102.1 Notice of Violation

- (a) The Zoning Administrator shall have the responsibility for enforcing the provisions of this Zoning Ordinance. The Zoning Administrator may, as necessary, solicit the assistance of other local and state officials and agencies to assist with this enforcement.
- (b) Property owners, permit applicants, and/or establishment owners/managers, as applicable, shall be notified in writing of violations of the provisions of this Zoning Ordinance. The Administrator shall, in the notice of violation, state the nature of the violation, the date that it was observed, and the remedy or remedies necessary to correct the violation. The Administrator may establish a reasonable time period for the correction of the violation; ~~however, in no case shall such time period exceed fifteen (15) days from the date of written notification, except that the Administrator may allow a longer time period to correct the violation if the correction would require the structural alteration of a building or structure.~~
- ~~(c) If the violation is not corrected within the time period specified in the first notification, a second written notice shall be sent. The second notification shall request compliance with these provisions within a period not to exceed seven (7) days.~~
- ~~(d)~~(c) Every written notice of violation or written order of the Administrator shall include a statement informing the recipient that he or she ~~may have~~has a right to appeal the notice of zoning violation or written order within thirty (30) days in accordance with this Section, and that the decision shall be final and unappealable if not appealed within thirty (30) days. ~~If a second notice of violation is given as provided for in subsection (c) above, the thirty (30) day appeal period is not extended.~~ The thirty (30) day appeal period begins when the first notice of violation is provided under subsection (b) above. The notice of violation or written order shall also include the amount of the appeal fee and a reference to where additional information may be obtained regarding the filing of an appeal.
- ~~(e)~~(d) An appeal from the Administrator's written notice of violation or written order shall be in writing and shall state the grounds thereof.
- ~~(f)~~(e) An appeal shall stay all proceedings in furtherance of the action appealed unless the Administrator certifies to the Board of Zoning Appeals that by reason of facts stated in the certificate a stay would cause imminent peril to life or property, in which case proceedings shall not be stayed otherwise than by a restraining order granted by the board or by a court of record, on application and notice to the Administrator and for good cause shown.

2. That this ordinance shall become effective upon adoption.

Adopted: November 8, 2016

Certified: _____
Clerk of Council

MINUTES OF THE OCTOBER 12, 2016 PLANNING COMMISSION MEETING (MINUTES HAVE NOT BEEN APPROVED):

Public Hearing Regarding Amendments to the Zoning Ordinance: Ms. Nygaard explained that the items she will be presenting are clarifications to the Zoning Ordinance adopted in February 2016. Anne went through each item on the summary. Only the items that had any discussion are noted.

Home Occupations (page 254): With regard to allowing one business vehicle per home based occupation, Ms. Nygaard clarified that this will deal with vehicles parked on private property. If trailers or commercial vehicles are parking on the street, it becomes a police matter.

Mobile Food Trucks (page 281): Staff wanted the commission's feedback on whether retail trucks should be added to this section. The Zoning Administrator, Kevin Henry, has been receiving requests lately for mobile retail trucks. Staff has concerns with adding them to this section. Peddlers are already allowed within the City's right-of-way. They typically move around from place to place. Food trucks are typically in a location for a couple of hours. The retail trucks would be similar to vendors you see in cities selling clothing and souvenir items. They might set up in a parking lot and stay all day.

Commissioner Bowden asked if they are limited where they can locate because they are a commercial use. Mr. Henry said they are limited to commercial areas of the City; however, one of staff's concerns is that a retail truck could set up right next to a "bricks and mortar" building that is paying taxes for their property. Commissioner Marion said the same is true for food trucks. They locate next to businesses that pay taxes.

Mr. Martin noted that food trucks tend to come to a location for a couple of hours and serve people that are walking around the area. Retail trucks might set up in a parking lot or the City's right-of-way and stay all day. Mr. Martin commented that staff is having difficulty recommending this change and wanted to open it up for discussion. Staff is leaning toward leaving them out of the ordinance.

Commissioner Marion asked if they leave retail trucks out if it would make them illegal. Mr. Martin said if left out, they would fall under peddlers or solicitors, which is part of the City Code and enforced by the police. The trucks would be going from place to place and not setting up shop for hours at a time.

Chair Perault asked what staff feels are the downsides to including them. Mr. Martin said it will be difficult to enforce and to ensure they have business licenses. We are also talking about the appearance of our business districts. It would give them a lot of latitude that he is not sure will be beneficial to the City.

Commissioner Light said he is inclined not to change it. If staff has not had people coming in saying they would like clarification, he thinks they might be opening a can worms if they change it. Chair Perault noted that they will continue making adjustments to the Zoning Ordinance in the future. If in doubt, he thinks they should not make the change. He does not want to see it changed and in six months, it is removed. Commissioner Rogers pointed out that retail trucks can go to the flea markets. It is not like they are restricting them from doing business at all. If it needs to come up again, staff can bring it back to them. Commissioner Bowden noted they have enough things on the books that are difficult to enforce. This change would just add another.

Violations (page 339): With regard to allowing a reasonable time to correct a zoning violation, Chair Perault asked why they did not make it thirty days, which is the period a person has to appeal the Zoning Administrator's ruling. Mr. Henry stated that sometimes 30 days is not enough. For example, enforcing the occupancy limits means people have to move out and 30 days might not be enough time. Typically, he does set a 30 day time limit for most general zoning violations.

Chair Perault noted that Ms. Nygaard's summary was a nice way to present this to them and he appreciated it very much.

Commissioner Rogers made a motion to recommend approval of these changes with the removal of the section on retail trucks. The motion was seconded by Commissioner Light and passed by the following vote:

AYES:	Bowden, Light, Lowe, Marion, Perault and Rogers	6
NOES:		0
ABSTENTIONS:		0
ABSENT:		0
VACANCY:		1



Memorandum

Planning Division • Community Development

900 Church Street
Lynchburg, Virginia 24504
P 434-455-3900

To: Lynchburg Planning Commission

From: Planning Division Staff

CC: Bonnie Svrcek, Kent White, Walter Erwin

Date: October 12, 2016

Re: Zoning Ordinance Corrections

Lynchburg's Zoning Ordinance was adopted by City Council on February 23, 2016. On July 13, 2016, Planning Commission initiated the process of correcting and clarifying sections of the ordinance staff had found to be unclear during the first few months of use. A summary of the proposed changes, as well as a copy of the draft revised ordinance is attached.

After reviewing the proposed text, staff recommends forwarding the proposed changes to City Council for adoption. This is the first of what is expected to be a few rounds of corrections and clarifications to the new ordinance.

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October 11, 2016

// A regular meeting of the Council of the City of Lynchburg was held on the 11th day of October, 2016, at 7:30 P.M. in the Council Chamber, City Hall, Joan Foster, President, presiding. Council Member Wilder gave the Invocation, and the Pledge of Allegiance was led by Cub Scout Pack 180, Den 2. The following Members were present:

Present: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Absent: 0

// Mayor Foster welcomed the Sister City of Lynchburg Plus/Sister City of Glauchau, Germany Firefighters to Lynchburg. The Glauchau, Germany Volunteer Firefighters were:

Uwe Clemens - Chief of Volunteer Fire Department

Jochen Glös - Club Chairman of Volunteer Fire Department

Robby Puttin – Machinist Member of the Board

Marcus Steinhart – City Head of Department of Civil Services/School/Youth

Uwe Clemens presented a letter to Mayor Foster from the Lord Mayor P. Dressler (Glauchau, Germany) and presented gifts to Council Members.

// Mayor Foster recognized the City of Lynchburg for achieving the Silver Award status from Virginia Municipal League (VML) “Go Green Award.”

// Mayor Foster recognized the Department of Community Development (Kent White, Director and Staff) for being named the 2016 Organization of the Year by the Virginia Association of Zoning Officials.

// Mayor Foster recognized that the Virginia Department of Emergency Management has awarded the City of Lynchburg over \$150,000 in grants.

// Mayor Foster recognized Dr. Rachel Gagan with Live Healthy Lynchburg and “Let’s Move”! which was held in Washington, D.C. with First Lady Michelle Obama. Two students from Perrymont Elementary School attended with Mayor Foster.

// Mayor Foster recognized Morgan Gafford, a Sophomore at E.C. Glass with the Mayor’s Youth Council.

// Copies of the minutes of the September 27, 2016 meeting, having been previously furnished Council, reading was dispensed with. Council Member Perrow abstained because he was not present at the September 27, 2016 Council meeting. On motion of Council Member Nelson, seconded by Council Member Dolan, Council by the following recorded vote approved the minutes as presented:

Ayes: Dolan, Helgeson, Nelson, Tweedy, Wilder, Foster 6

Noes: 0

Abstain: Perrow 1

// In the matter of Commonwealth Attorney, Resolution #R-16-108 to amend the FY 2017

City/Federal/State Aid Fund budget and appropriate \$448,770 with resources from the FY 2017 Office on Violence Against Women (OVW) Improving Criminal Justice Response Program to meet the needs of the community regarding criminal justice responses and victim services, laid over from the September 27, 2016 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Public Works – General, Resolution #R-16-110 to amend the FY 2017 City Capital Project Fund budget and appropriate \$168,244 with resources from a Virginia Department of Transportation (VDOT) Transportation Alternatives Program grant to install sidewalk in the Dearington neighborhood, laid over from the September 27, 2016 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Public Works – General, Resolution #R-16-111 to amend the FY 2017 City Capital Project Fund budget and appropriate \$510,000 with resources from a Highway Safety Improvement Program grant to install pedestrian and signal improvements along Rivermont Avenue from Bedford Avenue to Link Road, laid over from the September 27, 2016 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Police – General, Resolution #R-16-112 to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$21,000 with resources of \$14,000 from the Department of Motor Vehicles Highway Safety Grant, and an in-kind service and equipment match of \$5,929 and \$1,071 transferred from the FY 2017 General Fund Police Department budget to provide funds for speed enforcement activities, laid over from the September 27, 2016 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Police – General/Sheriff/Commonwealth Attorney, Resolution #R-16-113 to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$43,797 with resources from the 2016 Edward Byrne Memorial Justice Assistance Grant (JAG) to purchase law enforcement equipment for the Lynchburg Police Department, Lynchburg Sheriff's Office and the Office of the Commonwealth's Attorney, laid over from the September 27, 2016 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Police – General, Resolution #R-16-114 to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$49,459.20 with resources of \$24,729.60 from the Bulletproof Vest Partnership 2016 Grant Program and \$24,729.60 transferred from the FY 2017 General Fund Police

Department (\$20,865.60) and Sheriff's Office (\$3,864) budgets to purchase 64 replacement bulletproof vests for law enforcement officers, laid over from the September 27, 2016 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Police – General, Resolution #R-16-115 to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$63,942 with resources of \$42,628 from the Department of Motor Vehicles Highway Safety Grant, and an in-kind service and equipment match of \$18,537 and \$2,777 transferred from the FY 2017 General Fund Police Department budget to provide selective Driving Under the Influence (DUI) and occupant restraint enforcement activities, attend related training and purchase equipment, laid over from the September 27, 2016 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Helgeson, Council by the following recorded vote adopted the Resolution:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Public Works – Street Vacation, a public hearing was held regarding City Council Report #9 regarding the petition of Piedmont Real Estate Holdings LLC, Piedmont Land Holdings Co. LLC, and Piedmont Land Development Co. LLC to vacate a portion of Mill Ridge Rd., which is approximately sixty (60) feet wide and extends approximately six hundred eighty-four (684) feet. The portion proposed for vacation is located at the end of a developed and active street, including the cul-de-sac, and contains approximately one and seventy-nine thousandths (1.079) acres. City Planner Tom Martin gave an overview of the street vacation. Mr. Walton, representing the petitioner gave a presentation and asked Council to approve the street vacation. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Nelson, seconded by Council Member Perrow, Council by the following recorded vote adopted Ordinance #0-16-116, as presented, regarding the petition of Piedmont Real Estate Holdings LLC, Piedmont Land Holdings Co. LLC, and Piedmont Land Development Co. LLC to vacate a portion of Mill Ridge Rd., which is approximately sixty (60) feet wide and extends approximately six hundred eighty-four (684) feet.

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Community Development - Zoning Amendments, a public hearing was held regarding City Council Report #10 outlining the petition of Maddox & Son Construction, Inc. to amend the Future Land Use Map (FLUM) of the City's Comprehensive Plan 2013-2030 from Medium Density Residential to High Density Residential and to rezone approximately twelve and seventy-five hundredths (12.75) acres at 1125 Old Graves Mill Road from R-2, Low-Medium Density Residential District to R-4C, High Density Residential District (Conditional) to allow the construction of a two hundred and forty-six (246)-unit apartment complex with an accessory commercial space, associated offices, clubhouse, recreational

amenities, and parking areas. Planner II Anne Nygaard gave an overview of the FLUM and the rezoning petition. Ms. Nygaard stated that the Planning Commission recommended denial of the FLUM amendment and approval of the rezoning petition. Mr. Andy Maddox with Maddox & Son Construction and Mr. Warner Trent with Hurt & Proffitt asked Council to approve the FLUM and the rezoning petition because they felt that the development is at a good location, noting access to the Lynchburg Expressway and the site is a good location for this development. Three individuals spoke in favor of the rezoning petition asking Council to consider rezoning this petition. There were several individuals that spoke in opposition of the rezoning petition which included concerns about the increase of traffic in the area and changes to the character of the neighborhood. There was no one else present who wished to speak to this item, and the public hearing was closed. Several Council Members expressed concerns that the development is better suited for R-2 low –medium density residential than R-4 high-density residential district conditional, with increased traffic and emergency vehicles. On motion of Council Member Nelson, seconded by Council Member Helgeson, Council by the following recorded vote adopted Resolution #R-16-117, as amended, amending the Future Land Use Map (FLUM) of the City's Comprehensive Plan 2013-2030 from Medium Density Residential to High Density Residential:

Ayes: Dolan, Helgeson, Nelson, Tweedy, Foster

5

Noes: Perrow, Wilder

2

Council Member Perrow and Council Member Wilder voiced their concerns regarding the Proffers, knowing that the Proffers are in place and will protect the neighborhood as much as possible. On motion of Council Member Nelson, seconded by Council Member Helgeson, Council by the following recorded vote adopted Ordinance #0-16-118, as amended, to rezone approximately twelve and seventy-five hundredths (12.75) acres at 1125 Old Graves Mill Road from R-2, Low-Medium Density Residential District to R-4C, High Density Residential District (Conditional) to allow the construction of a two hundred and forty-six (246)-unit apartment complex with an accessory commercial space, associated offices, clubhouse, recreational amenities, and parking areas:

Ayes: Dolan, Helgeson, Nelson, Tweedy, Foster

5

Noes: Perrow, Wilder

2

// In the matter of Community Development – General, a public hearing was held regarding City Council Report #11 regarding the selling of city owned property located at 712 5th Street (Tax Parcel 02423002) consisting of one hundred ninety-eight thousandths (0.198) of an acre. City Planner Tom Martin gave an overview of the request. Mr. William R. Parr, the petitioner asked Council to support the selling of City owned property located at 712 5th Street in the amount of \$16,000 to him. One individual spoke in support of the selling of City owned property located at 712 5th Street. There was no one else present who wished to speak to this item, and the public hearing was closed. Council Member Nelson disclosed the following statement. "I do not represent Mr. Parr in this project, but in the past represented him in other projects. I know nothing about this project. I felt it would not be a conflict of interest and needed to disclose that statement. I am able to participate in this matter fairly, objectively and in the public interest. Therefore, I

will participate in the discussion and the vote on this item". On motion of Council Member Perrow, seconded by Council Member Wilder, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-16-119, as presented, regarding the selling of city owned property located at 712 5th Street (Tax Parcel 02423002) consisting of one hundred ninety-eight thousandths (0.198) of an acre in the amount of \$16,000:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster

7

Noes:

0

// In the matter of Budget, a public hearing was held regarding City Council Report #12 regarding amending the FY 2017 Operating and Capital Budgets and appropriating funds to reflect the FY 2017 First Quarter Adjustments. Director of Financial Services Donna Witt provided an overview of the FY 2017 First Quarter Adjustments. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Nelson, seconded by Council Member Perrow, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-16-120, as presented, amending the FY 2017 Operating and Capital Budgets and appropriating funds to reflect the FY 2017 First Quarter Adjustments:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster

7

Noes:

0

// In the matter of City Council, Dr. Monroe Baldwin spoke before Council regarding the name of the Cross-Town Connector.

// In the matter of City Council Report #14 was considered. City Manager Bonnie Svrcek provided a summary of the Performance Agreement with Golden Mile, LLC regarding the capital costs of road improvement associated with the development of Rosedale on Graves Mill Road. City Council asked the City Manager to engage in further negotiations with the developer to discuss reimbursement percentage and a cap on reimbursement. Ms. Svrcek recommend the City reimburse the capital costs at 100% of the developer's total cost estimate or a cap at \$5,879,794. The developer requested a cap of 8 million dollars, yet they were unable to justify such a cap, which caused a bit of disagreement. An agreement was reached as the developer agreed to a 75% - developer, 25%-City split of revenues up to the first three million dollars of reimbursement and a 55%-developer, 45%-City split of revenues up to the proposed cap of 5,879,794 or fifteen years; whichever comes first. After the presentation from the City Manager Bonnie Svrcek, Council Member Nelson made a motion to approve the Performance Agreement with Golden Mile, LLC. Council Member Perrow, seconded the motion stating several changes to the Agreement. Section #8; add language regarding Breezewood Drive, Section 4.6; term of this Agreement at 15 years or full expenditures; add eligible road cost to the grants, and possibly have a performance bond associated with this project. Several Council Members made suggestions regarding the Performance Agreement, which will be incorporated into the final amendments to the Performance Agreement.

- Council Member Nelson – would like the cap to meet the developers' initial request of eight million dollars due to unknown increased costs, which is impossible to predict.

- Council Member Perrow wants to ensure that the City is only paying for the road. He believes the City can fund a road over fifteen years based solely on new revenue based on this development.
- Council Member Helgeson disagreed with the new agreement, stating it is drastically different than initially proposed two years ago. He went on to say, it is not the City taxpayers problem to pay for poor financial planning projections and this is \$5.8 million you cannot cut from our heavy tax burden on our citizens.
- Several Council Members agreed to stay the course by supporting the proposed performance plan to generate revenues for the City, free up traffic, and access to Graves Mill Road.

On motion of Council Member Nelson, seconded by Council Member Perrow, Council by the following recorded vote adopted Resolution #R-16-121, as amended, authorizing the City Manager to sign a Performance Agreement with Golden Mile, LLC regarding the reimbursement of capital costs for road improvements associated with the development of Rosedale on Graves Mill Road:

Ayes: Dolan, Nelson, Perrow, Tweedy, Wilder, Foster

6

Noes: Helgeson

1

// The meeting was adjourned at 11:30 P.M.

Clerk of Council

348

October 25, 2016

// A regular meeting of the Council of the City of Lynchburg was held on the 25th day of October, 2016, at 4:00 P.M. in the Council Chamber, City Hall, Treney Tweedy, Vice President, presiding. The following Members were present:

Present: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder

6

Absent: Foster

1

// Mr. Dave Perault, Chair of the Lynchburg Planning Commission presented the Annual Planning Commission Report. Mr. Perault stated that the annual report covers the activities of the Planning Commission and the implementation of the Comprehensive Plan for the period of July 1, 2015 – June 30, 2016. Mr. Perault went on to say that the Planning Commission considered and forwarded to City Council twenty-six (26) petitions from July 1, 2015 through June 30, 2016.

// During roll call Council Member Nelson stated that he had heard from a resident on Memorial Avenue that there needs to be a greater number of speed abasement devices between Fort Avenue and Westover Drive.

// Council Member Perrow stated he had the following items; 1) received a complaint that he stated he had emailed to the City Manager and possible staff could help with that issue; 2) received a complaint regarding a house located on the corner of Gorman Drive and Boonsboro Road where landscaping equipment and gas cans etc. had been left in the yard which is a safety concern for the children in the area. 3) a process where the Boards and Commissions volunteers list could be sent out earlier.

// Council Member Wilder mentioned that he had attended an event held by the Optic Club recognizing groups in our community, Parks and Recreation Centers, Boys and Girls Club and the Jubilee Family Development Center.

// Vice Mayor Tweedy made the following announcements:

- Mayor's Youth Council Breakfast will be held on November 1, 2016 at the Craddock Terry Hotel at 8:00 a.m.
- Lynchburg City Council/Lynchburg City School Board Joint Meeting will be held on November 1, 2016 at 5:30 p.m. in the Media Center at Heritage High School.
- Council homework assignment is due today (October 25, 2016) The Council Retreat is November 10, 2016.

// Vice Mayor Tweedy recognized Margaret Schmitt for her outstanding 18 years as the Human Resources Director and the last several months as the Interim Deputy City Manager.

// Chief of Police Raul Diaz, Deputy Chief Todd Swisher, Major Ryan Zuidema, and Major Mark Jamison provided a tour of the Police buildings. The tour consisted of the Police Department facilities on Court Street and in the Monument Terrace Building. A facility and space needs assessment is underway for the Lynchburg Police Department and the General and Circuit Court Buildings. Chief Diaz stated that this assessment is the foundation of defining the need for a new Police Building.

// City Council recessed the meeting at 6:00 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder 6

Absent: Foster 1

Council Member Dolan gave the Invocation, Boy Scott Troops 118 and 128 led the Pledge of Allegiance.

// Vice Mayor Tweedy presented a framed picture of Monument Terrace in celebrating the week of November 1-8 as a week of recognition for Desmond Doss School.

// Vice Mayor Tweedy recognized the Bonner Leaders from Lynchburg College along with Anne Gibbons, Director of the Bonner Leader Program and Associate Chaplain.

// Vice Mayor Tweedy recognized student Hayden Swisher with the Mayor's Youth Council.

// In the matter of Community Development – General, Resolution #R-16-119 for the selling of City owned property located at 712 5th Street (Tax Parcel 02423002) consisting of one hundred ninety-eight thousandths (0.198) of an acre, laid over from the October 11, 2016 meeting, was again presented and read, and on motion of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote adopted the Resolution:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder 6

Noes: 0

Absent: Foster 1

// In the matter of Budget, Resolution #R-16-120 amending the FY 2017 Operating and Capital Budgets and appropriating funds to reflect the FY 2017 First Quarter Adjustments, laid over from the October 11, 2016 meeting, was again presented and read, and on motion of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote adopted the Resolution:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder 6

Noes: 0

Absent: Foster 1

// In the matter of Parks and Recreation – General, City Council Report #6 was considered. On motion of Council Member Nelson, seconded by Council Member Wilder, Council by the following recorded vote adopted Resolution #R-16-122, as presented, to approve the submittal of an application for \$300,000 in Transportation Alternatives Program (TAP) funding for Langhorne Road Bikeway Bridge and Trail Extension to Linkhorne Schools Project:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder 6

Noes: 0

Absent: Foster 1

// In the matter of Fire – General, City Council Report #7 was considered. On motion of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-16-123, as presented, to amend the FY 2017 Fleet Operating Budget and appropriate \$440,000 with resources from the Fleet Fund Balance (\$440,000) to

purchase a new Public Safety Mobile Command vehicle:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder 6

Noes: 0

Absent: Foster 1

// In the matter of Public Works – General, City Council Report #8 was considered. On motion of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote adopted Resolution #R-16-124, as presented, to approve the submittal of an application through Virginia Department of Transportation (VDOT) Bicycle and Pedestrian Safety Program for Kemper Street sidewalk:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder 6

Noes: 0

Absent: Foster 1

// In the matter of Community Development – General, City Council Report #9 was considered. On motion of Council Member Nelson, seconded by Council Member Helgeson, Council by the following recorded vote adopted the motion, as presented, to prepare amendments to City Code Section 11-191 and 11-192 for the Vacant Property Registration Program:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder 6

Noes: 0

Absent: Foster 1

// On motion of Council Member Wilder, seconded by Council Member Nelson, Council by the following recorded vote elected to hold a closed meeting to consider appointments to Council-appointed Boards and Commissions, i.e., Transit Company Board, Lynchburg Parking Authority, Youth Services Board, Social Services Board, Historic Preservation Commission and Redevelopment and Housing Authority Board; pursuant to Section 2.2-3711(A)(1), Code of Virginia (1950), as amended:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder 6

Noes: 0

Absent: Foster 1

// The meeting was re-opened to the public.

// Council Member Helgeson made the following motion:

WHEREAS, the Council of the City of Lynchburg has convened a closed meeting on this date, pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by City Council that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Lynchburg certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening

the closed meeting were heard, discussed or considered by Council.

The Motion was seconded by Council Member Nelson, and Council by the following recorded vote adopted the motion:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder	6
Noes:	0
Absent: Foster	1

// In the matter of Appointments, and on nomination of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote re-appointed Christian DePaul, Glenn E. McGrath and John Hellewell to serve another term on the Transit Company Board of Directors for new terms to expire October 30, 2019:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder	6
Noes:	0
Absent: Foster	1

On nomination of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote appointed Bonnie Svrcek to serve on the Transit Company Board of Directors to fill an unexpired term ending October 30, 2017:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder	6
Noes:	0
Absent: Foster	1

On nomination of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote appointed MaryJane Dolan to serve on the Lynchburg Parking Authority for a term to expire October 30, 2019:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder	6
Noes:	0
Absent: Foster	1

On nomination of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote appointed James Mundy to serve on the Lynchburg Parking Authority to fill an unexpired term ending October 30, 2017:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder	6
Noes:	0
Absent: Foster	1

On nomination of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote appointed Dorothy Holmes and Towana Polk to serve on the Youth Services Citizens Board for terms to expire June 30, 2019:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder	6
Noes:	0
Absent: Foster	1

On nomination of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote appointed Norwood Morrison to serve on the Redevelopment and Housing Authority Board for a term to expire September 30, 2016:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster

7

Noes:

0

// The meeting was adjourned at 8:30 P.M.

Clerk of Council

November 1, 2016

353

// A special joint meeting of the Council of the City of Lynchburg and Lynchburg City School Board was held on the 1st day of November, 2016, at 5:30 P.M. in the Media Center at Heritage High School, Joan Foster, President, presiding. Mayor Foster gave the Invocation, followed by the Pledge of Allegiance. The following Members were present:

Present: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster

7

Absent:

0

// Mayor Foster and School Board Chair Dr. Michael Nilles welcomed everyone to the Lynchburg City School Board and City Council joint meeting.

// Dr. Scott Brabrand, School Superintendent provided an update on the Lynchburg City Schools Comprehensive Plan. Dr. Brabrand stated his goal, Every Child, By Name and By Need, To Graduation. Dr. Brabrand stated that the Lynchburg City School Comprehensive Plan consists of the following categories:

- Graduation
- Course Enrollment
- Achievement
- Student Engagement
- Student Attendance
- Behavior & Suspension
- Culture

He stated the overall graduation rate this year increased by 2%, which in the previous year was flat. There was a positive growth in African American Students from 72% to 77%. Dr. Brabrand went on to say that the new Empowerment Academy that opened this year should implement an increase in our graduation rate. Discussion followed the presentation, Council Member Tweedy suggesting that a community-wide task force on education be implemented. Extra time was allotted for council members and school board members to ask questions about the data that was shared by Dr. Brabrand.

// Empowerment Academy Director Ms. Kacey Crabbe provided a presentation about the Empowerment Academy, the students who attend the Academy, and the staff that provide support through education, counseling, and other services as required by the students. In her presentation detailed information was given on the Demographics, Placement Criteria, Programing and Program Design.

// City Manager Bonnie Svrcek and School Superintendent Dr. Scott Braband provided a City/School Collaboration Update. Ms. Svrcek shared information about the collaborative efforts of the City and Schools with emphasis on the recent collaboration on health benefits. Ms. Svrcek stated that she meets bimonthly with the School Superintendent to discuss opportunities for collaboration from an organization perspective and they continue to strengthen their working relationship. Ms. Svrcek shared information about a three-part plan that will have an impact on poverty in the community which also includes collaboration with the school division.

// Council and School Board members agreed to find a time for another joint meeting to continue discussing education and poverty and the importance of continued communication between City Council and Schools.

// The meeting was adjourned a 8:30 P.M.

Clerk of Council

November 8, 2016

355

// A regular meeting of the Council of the City of Lynchburg was held on the 8th day of November, 2016, at 4:00 P.M. in the Council Chamber, City Hall, Joan Foster, President, presiding. The following Members were present:

Present: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster

7

Absent:

0

// City Manager Bonnie Svrcek welcomed new Deputy City Manager Charles Hartgrove.

// Mayor Foster recognized Director of Financial Services Donna Witt and staff for receiving the Distinguished Budget Presentation Award for the Fiscal Year beginning July 1, 2016, from the Government Finance Officers Association.

// Gary Christie with the Region 2000 Local Government Council and Ben Bowman with the Workforce Development Board presented the Annual Report on the activities of the Local Government Council/Workforce Development Board for FY 2016.

// Josh Baker, General Manager for the Greater Lynchburg Transit Company (GLTC) provided the Annual Report on operations for FY 2016, which included an update on the following categories.

- GLTC Revenue Sources – total Revenue decreased 3%.
- GLTC Operating Summary – finished out the year with a small surplus, and did not utilize any funds from the Reserve Account.
- GLTC Ridership – remains the 10th largest system in Virginia.
- GLTC Looking Ahead – ongoing construction of the new Operations & Maintenance Facility, anticipated opening February 2017.

Mr. Baker also mentioned ten GLTC major accomplishments which includes his appointment as General Manager selected to serve on the Transit Capital Revenue Advisory Board for the General Assembly.

// City Attorney Walter Erwin provided a presentation on changes in Legislation regarding Proffers. Mr. Erwin stated that the General Assembly made amendments to proffer statutes. First he addressed Proffers in General. “Proffers are the voluntary concessions a developer offers to a locality as part of a conditional rezoning in order to address the impact of a given development. The courts have held that a locality can turn down a rezoning request if the applicant fails to address the health, safety and welfare issues associated with the development. In 1979 the General Assembly authorized the use of proffers to give developers a means by which they could address these issues, and since that time the majority of rezoning petitions have included the use of proffers”. He went on to say that a developer can offer proffers to deal with both the onsite and offsite impacts of a residential development. The “Cash Proffers” for residential developments are the most controversial type of proffer. Mr. Erwin explained what changes were made in the 2016 Amendments. After discussion and suggestions on the Proffers, Mr. Erwin asked what role Council wants to play as we go forward.

- The usual process for zoning amendments is for staff to make recommendations to the Planning Commission,
- The Planning Commission then initiates the amendments and makes a recommendation,
- The proposed amendments then come to City Council for consideration.

Mr. Erwin asked if Council is comfortable with this approach, or if Council wants staff to come back to Council with the suggested amendments for discussion and let Council initiate the amendments? Council agreed to follow its standard procedures. A motion was made by Council Member Helgeson, seconded by Council Member Nelson to follow the process already in place; take the amendments to the Planning Commission with their recommendation of proposed amendments, then present to City Council for consideration:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// City Manager Bonnie Svrcek provided input for the 2017 Legislative Agenda. Ms. Svrcek stated it is time to review and update City Council's Legislative Agenda in preparation for the 2017 session of the Virginia General Assembly. After discussion and suggested revisions on the proposed 2017 Legislative Agenda the following motion was made. On motion of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote adopted Resolution #R-16-125, as amended, adopting the 2017 Legislative Agenda:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// During roll call Council Member Wilder mentioned a recent shooting on Old Forest Road and wanted to commend the Police Department and the local pastors for going out to the area to console the neighbors in the area, and to see how our Police department, pastors and members from Parks and Recreation are working together to better our community.

// Council Member Nelson again welcomed our new Deputy City Manager Charles Hartgrove.

// Council Member Helgeson mentioned it was Election Day, that he likes the new stickers, and thanked the city employees at the polls because there are a lot of people out today voting.

// Vice Mayor Tweedy mentioned how she enjoyed the recent joint meeting with Council and School Board, and also attended a meeting at E. C. Glass High School with the guest speaker Principal Kafele, who spoke to students, teachers and parents.

// Mayor Foster mentioned unsightly trash on Rivermont Avenue and also wanted to thank the City staff for the wonderful job that they do. She also announced the City Council Retreat would be held on November 10, 2016 in City Hall on the Second Floor Training Room from 8:30 a.m. until 4:00 p.m.

// City Council recessed the meeting at 5:43 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Absent: 0

Vice Mayor Tweedy gave the Invocation, Cub Scout Pack 29 led the Pledge of Allegiance.

// Mayor Foster presented a Certificate of Recognition for Nurse Practitioner Week - November 9-15, 2016.

// Mayor Foster introduced two Mayor's Youth Council students: Tmerik Cobbs, Junior at Heritage High School and Imani West, Junior at Heritage High School.

// In the matter of Fire - General, Resolution #R-16-123 to amend the FY 2017 Fleet Operating Budget and appropriate \$440,000 with resources from Fleet Fund Balance (\$440,000) to purchase a new Public Safety Mobile Command vehicle, laid over from the October 25, 2016 meeting, was again presented and read, and on motion of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote adopted the Resolution:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Community Development - Zoning Amendments, a public hearing was held regarding City Council Report #7 outlining the petition of Carriage Square Ltd., to rezone approximately sixteen and one hundred ninety-five thousandths (16.195) acres located at 240 Beverly Hills Circle from R-4C, High Density Residential (Conditional) to R-4C, High Density Residential (Conditional) by amending previously approved proffers to allow two hundred sixteen (216) apartment units in lieu of the previously approved one hundred ninety-two (192) apartment units and to allow the addition of lighting to walking trails in the area designated for passive recreation uses. City Planner Tom Martin gave an overview of the rezoning petition. He also stated that the Planning Commission recommended approval. Mr. Trent Warner of Hurt & Proffitt, representing the petitioner, asked Council to approve rezoning of the property located at 240 Beverly Hills Circle. There was no one else present who wished to speak to this item, and the public hearing was closed. Council Member Helgeson had concerns with the proffers and stated he would not be supporting this rezoning. On motion of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote adopted Ordinance #0-16-126, as presented, granting the petition:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 6

Noes: Helgeson 1

// In the matter of Community Development - Zoning Amendments, a public hearing was held regarding City Council Report #8 outlining the petition of Jackson III LLC to rezone approximately one and five hundred seventeen thousandths (1.517) acres located at 2244 Rivermont Avenue from R-3, Medium Density Residential District to B-4C, Urban Commercial District (Conditional) to allow the use of an existing building as twenty-nine (29) apartments and the construction of an additional parking area. City Planner Tom Martin outlined the request to rezone the property located at 2244 Rivermont Avenue. Mr. Russell Nixon of Nixon Land Surveying, LLC, representing the petitioner, asked Council to approve the rezoning petition. One individual spoke in favor of the rezoning. There was no one else present who wished to speak to this item, and the public hearing was closed. Council Member Perrow made a disclosure statement to acknowledge that he was once President of the Virginia School of the Arts, in that capacity the building was sold to a third party, but he did not think it is the same party. He has no financial interest or personal conflict in the Virginia School of the Arts and would love to see this building restored. On motion of Council Member Nelson, seconded by Council Member Wilder, Council by the following recorded vote adopted Ordinance #0-16-127, as presented, granting the petition of Jackson III LLC to rezone approximately one and five hundred seventeen thousandths (1.517) acres located at 2244

Rivermont Avenue from R-3, Medium Density Residential District to B-4C, Urban Commercial District (Conditional) to allow the use of an existing building as twenty-nine (29) apartments and the construction of an additional parking area:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Economic Development – General, a public hearing was held on City Council Report #9 regarding Boundary Amendments to Virginia Enterprise Zones #2 and #46. Director of Economic Development Marjette Upshur gave an overview of the boundary amendments. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Nelson, seconded by Council Member Wilder, Council by the following recorded vote adopted Resolution #R-16-128, as presented, granting the Boundary Amendments to Virginia Enterprise Zones #2 and #46:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Bonds/Public Works – Water, a public hearing was held on City Council Report #10 regarding Section 15.2-2204.A of the Code of Virginia for the issuance of \$1,705,275 of Stormwater Revenue Utility Bonds and adopting a Resolution authorizing the issuance of not to exceed \$1,900,000 Stormwater Revenue Utility Bonds. Director of Utilities Tim Mitchell gave an overview of the Stormwater Revenue Utility Bonds. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Perrow, seconded by Council Member Nelson, Council by the following recorded vote adopted Resolution #R-16-129, as presented, granting the Code of Virginia for the issuance of \$1,705,275 of Stormwater Revenue Utility Bonds and authorizing the issuance of not to exceed \$1,900,000 Stormwater Revenue Utility Bonds

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Community Development – Zoning, a public hearing was held on City Council Report #11 regarding the Zoning Ordinance Amendments. City Planner Tom Martin provided information on the Zoning Ordinance Amendments. There was no one else present who wished to speak to this item, and the public hearing was closed. After discussion from Council with many questions and suggestions to the Zoning Ordinance Amendments and not having enough time to study such amendments, Council made a motion to bring this item back to a work session in the very near future. On motion of Council Member Helgeson, seconded by Council Member Perrow, Council by the following recorded vote decided to postpone indefinitely this item:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster 7

Noes: 0

// In the matter of Public Works – General, City Council Report #12 was considered. On motion of Council Member Helgeson, seconded by Council Member Perrow, Council by the following recorded vote adopted

November 8, 2016

359

Resolution #R-16-130, as presented, to participate in the Virginia Department of Transportation (VDOT) Revenue Sharing Program for FY 2018:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster

7

Noes:

0

// On motion of Vice Mayor Tweedy, seconded by Council Member Wilder, Council by the following recorded vote elected to hold a closed meeting for discussion and consideration of the City Attorney and Clerk of Council performance evaluations pursuant to Section 2.2-3711(A)(1) of the Code of Virginia, 1950, as amended:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster

7

Noes:

0

// The meeting was re-opened to the public.

// Council Member Helgeson made the following motion:

WHEREAS, the Council of the City of Lynchburg has convened a closed meeting on this date, pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by City Council that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Lynchburg certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by Council.

The Motion was seconded by Council Member Wilder, and Council by the following recorded vote adopted the motion:

Ayes: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster

7

Noes:

0

// The meeting was adjourned at 9:30 P.M.

Clerk of Council

360

November 10, 2016

// A special meeting of the Council of the City of Lynchburg was held on the 10th day of November, 2016, at 8:30 A.M. in the Second Floor Training Room, City Hall, Joan Foster, President, presiding. The following Members were present:

Present: Dolan, Helgeson, Nelson, Perrow, Tweedy, Wilder, Foster

7

Absent:

0

// Mayor Foster welcomed everyone and gave an over review of the City Council Retreat Agenda.

// Interim Director of Human Resources Heather Brown facilitated a group exercise called "Connection before Content" to start the day. Council and Staff enjoyed the exercise and learned something about each person that they engaged with.

// Retired Director of Human Resources and Interim Deputy City Manager Margaret Schmitt *facilitated* "A Look Back – FY 2016 Accomplishments and Assessment." Ms. Schmitt presented the results of City Council's, Citizens' and City Employees' assessment of progress in each of the twelve "pillars" of the City's Strategic Plan. All seven Council members submitted assessments while 141 citizens and 258 City employees submitted assessments. Some results indicate that City Council rated progress higher than other respondent groups in seven of twelve areas:

- Arts and Culture
- Citizen Engagement and Social Capital
- Economic Development
- Healthy and Active Living
- Infrastructure
- Land Use
- Natural Resources

City Employee ratings were between City Council and Citizen ratings except in:

- Economic Development
- Social Equity
- Lifelong Learning and Neighborhoods where their ratings were slightly higher than others.

Citizens rated progress lower than City Council and City employees in all areas except Social Equity. Ms. Schmitt went on to say that Council was also invited to rate progress on a new area "Excellent Government" in recognition of the foundational areas of "good governance" and "fiscal responsibility". The addition of FY 2016 accomplishments in this area supports current service delivery and sets the stage for establishing goals and measures for future years.

// Council took a break at 10:50 a.m. and reconvened at 11:05 a.m.

// City Manager Bonnie Svrcek introduced the Strengthening the Strategic Plan which was *facilitated by Mike Goetz, Director of Information Technology and Margaret Schmitt*. Mr. Goetz started with the "Goals" which consist of the following:

- Clarify the City's role in making Lynchburg a "Great Place to Live, Work and Play"
- Assess the effectiveness of the "Pillars" model and improve if possible

Distinguish between principles and goals

- Improve the alignment between focus areas and operational service delivery
- Move toward more proactive and integrated planning
- Establish system, processes and structures that support collaboration and shared responsibility (reduce “silos”)
- Update and streamline based on experience and current environment

The next topics that were addressed included the “Review Process” which consists of; convene organizational leaders, research other successful cities, towns and counties and develop a new framework for further input from City Council and Leadership Team.

“Where We’ve Been” consists of the 12 Pillars and the Assessment: Arts & Culture, Citizen Engagement & Social Capital, Economic Development, Health & Active Living, Infrastructure, Land Use, Lifelong Learning, Natural Resources, Neighborhoods, Safe Community, Social Equity and Transportation. After discussing the previous topics a proposed concept of a two-part Framework with Attributes was introduced. The five areas of serving the community are: Economic Development, Natural & Built Environment, Safe Community, Vibrant Community and Excellent Government. Also discussed were the components that were included in the aforementioned areas.

// City Manager Bonnie Svrcek provided background information on the Identification of the BIG Issues.

These Big Issues include Workforce/Education, Poverty, Economic Development and Infrastructure. A discussion with Council on identifying the BIG Issues was led by Margaret Schmitt. Mike Goetz facilitated the discussion on the BIG Issues and how to provide a framework for measuring improvement.

// City Council took a working lunch break at 12:20 p.m. and reconvened the meeting at 1:05 p.m.

// Chief Financial Officer Donna Witt presented the FY 2016 Year-End Financial Results and Capital Improvement Program (CIP). Ms. Witt stated that the Total Actual FY 2016 General Fund Non-Dedicated Revenues exceeded the Adopted FY 2016 Budget by 1.7% (\$2.4 million). The Actual FY 2016 Expenditures were 97.7% (within \$4.8 million) of the Adopted FY 2016 Budget. The following major Revenues were reviewed and discussed:

- Net Current Real Property
- Current Personal Property
- Public Service Corporation
- Local Sales and Use Tax
- Motor Vehicle Licenses
- Business License Tax
- Lodging Tax
- Meals Tax
- Amusement Tax
- Tobacco Tax

// Chief Financial Officer Donna Witt presented a Snapshot of Requested FY 2018 – FY 2022 Capital Improvement Program Projects. The Capital Improvement Projects (CIP) FY 2018 – FY 2022 Priorities

which consist of Buildings, Transportation, Parks and Recreation and Schools were also discussed. Ms. Witt gave a report on the Pay-As-You-Go-History for Adopted Budgets FY 2008 – Projected FY 2018.

// Council took a break at 2:10 p.m. and reconvened at 2:25 p.m.

// Mayor Joan Foster introduced a Conceptual Approach to Reducing Poverty. City Manager Bonnie Svrcek presented the concept and Council led a discussion and direction for Staff.

Background

- City's Poverty Rate is 24%
- Mayor Foster asked that "Poverty" be a discussion item for bimonthly meetings
- Representatives of the faith community, the Advocacy group from the Community Dialogue on Race and Racism, students, and others have asked "what is the City going to do to reduce the poverty rate".

A Blended Approach

- One Person/Family at a Time: Facilitate moving "willing and able and hopeful and motivated" persons/families out of poverty through workforce opportunities coupled with case management and wraparound services
- Community Conversation on Poverty

The Concept....

- A graphic representation illustrating a conceptual approach to address poverty in Lynchburg was introduced.

Implementation of Concept

- New Assistant City Manager will be assigned to be the point person on implementation
- No new funding required (FY 2017 budget includes \$50,000 for Poverty)
- Collaborate with Bridges Out of Poverty Work Groups and multiple external partners

The next steps, Council agreed to move forward with the process.

- Gaining understanding of Poverty
- Establish a Task Force
- Timeline
- 50 families out of Poverty in the next five years

City Council was asked to indicate the areas they wanted staff to concentrate their efforts on.

Council Focus Areas

1. Workforce/Education
2. Poverty
3. Economic Development
4. Infrastructure

Fiscal sustainability is a foundation for all Focus Areas.

// The meeting was adjourned at 4:00 P.M.

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **11**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Shentel Agreement – Candler's Mtn Conduit

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☒ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☐ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: After a Public Hearing, adopt a resolution granting Shentel Communications, LLC a License Agreement to place fiber optic cable in the City-owned conduit located along Candler's Mountain Road and private driveway located in Campbell County.

SUMMARY: Shentel Communications, LLC has submitted a request to install approximately 3,400 feet of fiber optic cable in an existing 4 inch conduit owned by the City of Lynchburg Department of Water Resources. The conduit is located along Candler's Mountain Road and a private driveway in Campbell County. Currently there is a fiber optic line in the conduit which was installed by Lumos for the Department of Water Resources for communications between our water storages tanks and water pump station. The existing line will remain and Shentel will be responsible for any damages associated with the installation of their fiber optic cable. The installation of Shentel's fiber optic cable will not impact the operations of the water system.

PRIOR ACTION(S): July 12, 2016 - City Council approval of the 38,600 feet of aerial fiber optic cable in the City right-of-way. This fiber optic cable is part of the same system.

FISCAL IMPACT: \$4,000 annual revenue to the Department of Water Resources' Water Fund

CONTACT(S): Timothy A. Mitchell, P.E., Director of Water Resources – 455-4252

ATTACHMENT(S): Resolution; Agreement; Route Map

REVIEWED BY: bms

RESOLUTION

BE IT RESOLVED That the City Manager is hereby authorized to execute a lease agreement with Shentel Communications, LLC, to install and operate approximately 3,400 feet of fiber optic cable in the City-owned conduit located along Candler's Mountain Road and a private driveway located in Campbell County.

Adopted:

Certified: _____
Clerk of Council

172K

THIS LEASE AGREEMENT, made and dated this ____ day of _____, 2016 by and between the CITY OF LYNCHBURG, a municipal corporation of the Commonwealth of Virginia, party of the first part, hereinafter referred to as the “City” or the “Lessor”, and SHENTEL COMMUNICATIONS LLC, a Virginia limited liability corporation, party of the second part, hereinafter referred to as “Shentel” or the “Lessee”.

W I T N E S S E T H

WHEREAS, the Lessor is the owner of a certain conduit located along Candler’s Mountain and a private driveway located in Campbell County Virginia, hereinafter referred to as the “premises;” and,

WHEREAS, Shentel wishes to install, maintain and operate approximately 3,400 feet of fiber optic cable in one of the 1.25” inch inner-ducts inside of a 4” PVC owned by the City of Lynchburg Water Resources and the City is willing to allow Shentel to install, maintain and operate its fiber optic cable in one of the City’s inner-ducts in accordance with the terms hereinafter set forth in this lease. A sketch showing the approximate location of the conduit in which Shentel will be allowed to install its fiber optic cable is attached to this lease and by this reference is hereby made a part hereof.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

(1) Premises—The Lessor does hereby lease unto the Lessee and the Lessee does hereby lease from the Lessor, the nonexclusive right to install, maintain and operate a fiber optic cable inside a 1.25” inner duct in the Lessor’s 4 inch conduit that is located along Candler’s Mountain and a Private Driveway, the Lessor having the right to enter into a similar lease with another party or parties or to use the remaining space in the 4 inch conduit for its own purposes. A sketch showing the location of the 4 inch conduit in which the Lessor will be allowed to install its fiber optic cable is attached to this lease and by this reference made a part hereof

(2) Term--The lease shall be for an initial term of five years with the Lessor and the Lessee having the option to renew the lease for up to three additional terms of five years each on such terms as are mutually agreeable to the parties. The original one five year term shall commence on _____, 2016 and shall end on _____, 2021. At the end of the initial five year term and at the end of any additional five year renewal term the lease shall automatically be extended unless either the Lessor or the Lessee gives the other party written notice of their desire not to extend the lease for another term at least sixty (60) days prior to the end of the then current term (initial or extended). The renewal terms shall commence and end on the same days of each succeeding year thereafter for each renewal term.

(3) Rent--The rent for the initial term and for any renewal term shall be as specified below, payable at the times and under the following conditions:

- (a) The rent for the initial five year term shall be \$4,000 per year. The first year's payment of rent shall be due when this lease is executed by the Lessee. The second and subsequent payments of the rent shall be payable in advance on the same day of each succeeding year thereafter throughout the term of this lease. Lessee is granted the option to pay the entire term rental (5 years) in advance. Lessor shall send Lessee an invoice at least thirty (30) days before the rent due date each year this lease is in effect.
- (b) If the lease is renewed for additional five year terms after _____, 2021, the annual rent for each year of each additional five term of the lease term shall be increased by 2.5%.
- (c) Shentel shall send the rental payments payable hereunder, to:

Department of Water Resources
525 Taylor Street
Lynchburg, Virginia 24501
Attn: Timothy A. Mitchell, P.E. Director

or to such other person and location as the Lessor may designate in writing from time to time.

(4) Installation, Maintenance and Operation of Fiber Optic Cable--The Lessee agrees to install, maintain and operate its fiber optic cable as follows:

(a) The Lessee shall be responsible for all costs associated with its installation, maintenance and operation of its fiber optic cable in the Lessor's conduit. If said conduit is found to be unusable by the Lessee or cannot be reasonably repaired, the Lessee shall have the option to terminate this lease immediately and receive a pro rata refund for the remainder of the lease term for which Lessee has prepaid.

(b) The Lessee shall be responsible for obtaining any permits that are needed for the installation of its fiber optic cable and the installation, maintenance and operation of the fiber optic cable shall be in accordance with industry standards and in accordance with the requirements of any applicable federal, state, and city rules, regulation, codes or ordinances that apply to the installation, maintenance and operation of fiber optic cable, now in effect or hereinafter adopted. The Lessee will be responsible for any damages the installation, maintenance or operation of its fiber cable may cause to the Lessor's property.

(c) Before installing its fiber optic cable in the Lessor's conduit, the Lessee shall submit its plans to the Lynchburg Department of Public Works for written approval by the City Engineer. The installation of the fiber optic cable shall be done at the Lessee's sole expense. The Lessee shall install, maintain and operate its fiber optic cable so as not to unreasonably interfere with the Lessor's use of the conduit. Except in an emergency, the Lessee shall notify the City Engineer in advance prior to performing any maintenance or repair work on its fiber optic cable.

(d) The Lessor reserves the right to inspect the Lessee's fiber optic cable at all reasonable times upon prior advance notice to Lessee and at any time in case of emergency for the purpose of conducting inspections to determine if the Lessee is complying with the terms and conditions of this lease.

(e) Whenever the Lessor shall determine that it is necessary in connection with the repair,

relocation, or improvement of its conduit, the Lessor may require by written notification that the Lessee's fiber optic cable be removed from the Lessor's conduit in order that the Lessor may repair, relocate or improve its conduit. Within sixty (60) days after receipt of notification from the Lessor, unless the Lessor extends such period for good cause shown, the Lessee shall remove its fiber optic cable from the Lessor's conduit under such terms and conditions as specified by the Lessor. The Lessee shall bear all reasonable expenses associated with the removal and reinstallation of its fiber optic cable. If the Lessee does not complete its removal of its fiber optic cable within sixty (60) days or such other period as authorized by the Lessor, the Lessor may take such actions as reasonably necessary to effect such removal at the Lessee's expense. Further, the Lessee will be responsible for any additional costs and expenses incurred by the Lessor as a result of the Lessee's failure to remove its fiber optic cable from the conduit in a timely manner.

(5) Termination or Expiration of Lease--Upon the termination or expiration of this lease, or earlier if the Lessee decides to discontinue the operation of its fiber optic system, the Lessee must at its own cost remove its fiber optic cable from the Lessor's conduit and return the conduit to the Lessor in good condition, normal wear and tear excepted. If the Lessee fails to remove its fiber optic cable from the conduit in a timely manner, the Lessor may take such actions as necessary to effect such removal at the Lessee's expense.

(6) Indemnity and Insurance--The Lessee agrees to indemnify, hold harmless and defend the Lessor, its employees and officials, from and against any and all lawsuits, claims, causes of action, liability, demands, damages, disability, losses, and expenses of any nature whatsoever, including reasonable attorneys' fees, resulting or in any manner to the extent arising from the installation, maintenance and operation of its fiber optic cable in the Lessor's conduit. During the term of this lease, the Lessee shall obtain and maintain at its sole expense, with financially reputable insurers which are licensed to do business in all jurisdictions where any work is performed, naming the Lessor as additional insured, not less than the following insurance:

(a) Workers' compensation as provided for under any worker's compensation or similar law in the jurisdiction where any work is performed with an employer's liability limit of not less than \$500,000 per accident.

(b) Commercial general liability, including coverage for contractual liability and products completed operations liability, with a limit of not less than \$1,000,000 combined single limit per occurrence for bodily injury, personal injury, and property damage liability, naming the Lessor, its employees and officials, as an additional insured.

(c) “All risk” property insurance covering not less than the full replacement costs of the Lessor’s property.

The insurance required of the Lessee herein shall be primary and any insurance or self-insurance maintained by the Lessor are secondary and apply only in excess of and shall not contribute with the insurance obtained by the Lessee. Any deductibles or self-insurance retention applicable to the required coverage shall be paid by the Lessee and the Lessor shall not be required to participate therewith. The Lessee shall deliver to the Lessor a copy of said insurance policy or certificate of insurance with the necessary endorsements to the Lessor’s Risk Management Division showing the same to be in full force and effect before installing its fiber optic cable in the Lessor’s conduit; upon each renewal of the lease; and, at other times throughout the term of the lease when the Lessor requests confirmation of insurance coverage.

The insurance carried by Shentel will be with companies acceptable to the City. The insurance required herein shall require that Shentel gives the City written notice of any cancellation, nonrenewal, or modification of coverage, and a binder or certificate verifying new coverage in accordance with the requirements herein prior to any change, cancellation or nonrenewal date. In the event of such cancellation or nonrenewal notice, Shentel shall obtain, pay all premiums for the renewal or replacement of the insurance required hereunder. Shentel shall, at least ten (10) days prior to the expiration of the policies, furnish City with renewals or “binders” for the policies, or City may order the required insurance and charge the cost to Shentel.

Notwithstanding any of the other provisions in paragraph 6 of this lease, the failure of the Lessee to maintain such insurance coverage throughout the term of this lease shall be grounds

for the immediate termination hereof. The Lessee's responsibility to the Lessor hereunder is not limited to the amount of such insurance coverage. All insurance will be obtained by the Lessee from insurance companies authorized by Virginia's State Corporation Commission to do business in Virginia. The Lessor reserves the right to review and/or modify the insurance requirements herein prior to any renewal of this lease.

At its option, the Lessee may add the Lessor, its employees and officials, as additional insureds to the Lessee's existing insurance policies provided such policies meet the types and amounts of insurance coverage required by this Lease.

(7) Destruction of or Damage to the Conduit--If the conduit should be damaged or destroyed by a fire, the elements, a public enemy or other casualty to the extent that the conduit becomes unusable, either the Lessor or Lessee may cancel this agreement without further obligation to the other, with Lessor returning to Lessee a pro rata refund of rent paid for the remainder of the prepaid rental period, or the parties may reach an agreement concerning repair of the conduit, rent abatement, and term extension. The Lessor shall be under no obligation to repair or replace the conduit. However, the Lessee shall be responsible for repairing or replacing any damages to the conduit to the extent caused by the acts or omissions of the Lessee, its employees, representatives or agents.

(8) Damage to or Loss of Lessee's Property--The Lessor shall not be liable for any damage to or loss of the Lessee's fiber optic cable, regardless of how such damage or loss may occur. It is expressly agreed and understood that the Lessee in installing its fiber optic cable in the Lessor's conduit, does so at its own risk. This waiver only applies to the City of Lynchburg, its employees and officials, and shall not prevent the Lessee for seeking recovery from third parties whose actions result in the loss of the or damage to Lessee's property.

(9) Late Fees and Interest--Any and all payments of rent or other sums due under this Lease shall be paid on the due date. If a payment is not made within thirty (30) days of the due date, the Lessee shall pay a five percent (5%) late penalty on the amount of the delinquent payment and shall pay interest on the amount of the principal and the penalty at the rate of ten

percent (10%) per annum. In the event it becomes necessary for the Lessor to initiate legal proceedings to collect any of the rent and other monies payable under this lease, the Lessee agrees to pay reasonable and necessary expenses incurred by the Lessor in such legal proceedings, including reasonable attorney fees.

(10) Failure to Comply with the Lease--If the Lessee shall fail to comply with any of the terms and conditions of the Lease or any notices given hereunder, and such failure shall continue for a period of not less than 30 days after notice in writing, or if the Lessee shall become insolvent, or shall make an assignment for the benefit of its creditors, or if any of its property to be attached and attachment not promptly released, or if an execution be issued against it, or, if a petition be filed by or against it to have it adjudicated a bankrupt, or if a trustee or receiver shall be created and appointed to take charge of its assets, then or at any time thereafter, the Lessor, may at its option, terminate this lease and remove the Lessee's fiber optic cable from its conduit and take possession its conduit either with or without process of law.

(11) Assignment--The Lessee shall not assign this lease or sublease the conduit or any part thereof without the prior written consent of the Lessor, which shall not be unreasonably withheld, delayed or conditioned, except that the Lessee may assign or transfer this lease to an affiliate without such consent.

(13) Notices--Notices to Lessee provided for herein shall be sufficient if sent by registered mail, postage prepaid, addressed to:

Mid-Atlantic: Shentel Communications LLC
Att: VP – Engineering and Network Planning
500 Shentel Way
Edinburg, VA 22824

The City: The Lynchburg City Manager
City Manager's Office
900 Church Street
Lynchburg, Virginia 24505

or to any replacement addresses or persons that may be later designated in writing.

(14) General Provisions--Lessee agrees to the following conditions concerning the use of the conduit:

(a) This lease shall be governed and construed in accordance with the laws of the Commonwealth of Virginia and any legal proceeding filed by either party to this lease arising out of the performance or nonperformance of the terms of this lease shall be filed in the state courts of the City of Lynchburg, Virginia and in no other forum.

(b) The Lessee shall assume responsibility for the security of its fiber optic cable.

(c) In the event any provision of this lease shall be found to be invalid or unenforceable, the remaining portions shall remain in full force and effect.

(d) The Lessee agrees to observe and obey during the term of this lease all federal, state and local law, ordinances, rules and regulations, currently in force or subsequently adopted that may apply to its use of the conduit.

(e) The Lessee agrees to use its conduit in a non-discriminatory manner.

(f) The Lessee shall keep that portion of the conduit that is leased to it under this lease free of all environmental, health or safety hazards and/or nuisances of any kind whatsoever.

(g) All terms and conditions with respect to this lease are expressly contained herein, and both parties agree that no representative or agent of Lessor or of Lessee has made any representation or promise with respect to this lease not expressly contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this lease on the day and year below written, but effective as of the day and year first set forth above.

City of Lynchburg, Virginia

By: _____
Bonnie Svrcek, City Manager

Shentel Communications LLC

By: _____
Ed McKay, Senior VP
Engineering and Network Planning

COMMONWEALTH OF VIRGINIA,

CITY OF LYNCHBURG,

On this ____ day of _____, 2016, Bonnie Svrcek, executed the foregoing instrument for the City of Lynchburg. In testimony whereof, I have hereunto set my hand and affixed my official seal the day and year aforesaid.

Notary Public

My Commission Expires:

COMMONWEALTH OF VIRGINIA,

SHENTEL COMMUNICATIONS LLC

On this ____ day of _____, 2016, Ed McKay, VP, executed the foregoing instrument for Shentel Communications LLC. In testimony whereof, I have hereunto set my hand and affixed my official seal the day and year aforesaid.

Notary Public

My Commission Expires:

Shentel - Conduit Lease

Proposed - Access 1.25" innerduct within 4" PVC owned by City of Lynchburg Water Department



Legend

- 1971 University Blvd
- Candler Mtn.
- City of Lynchburg - Candler Mountain - Conduit
- Liberty Mountain Snowflex Centre
- Liberty University
- Vines Center

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **12**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Vacate a portion of unnamed alley

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☒ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☐ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Approval of the right-of-way vacation.

SUMMARY: Farrell Lynchburg Properties, LLC (owner of 301 Oakley Avenue and 100 Hood Street) is petitioning to vacate a portion of an unnamed alley, located between Richmond Street and Baltimore Street, running parallel between Oakley Avenue and Hood Street. The alley is approximately fifteen (15) feet wide and extends approximately three hundred and five (305) feet. The area proposed for vacation includes approximately one hundred three thousandths (.103) acres and contains a privately owned building and parking lot. Since the alley is currently not traversable due to the existing building, this alley vacation would have no impact on traffic or pedestrian access in the area.

PRIOR ACTION(S):

October 18, 2016: The Technical Review Committee (TRC) reviewed the petition. The TRC comments have been incorporated into the proposed ordinance.

December 13, 2016: The Physical Development Committee will review this petition on this date.

FISCAL IMPACT: None

CONTACT(S):

Rachel Frischeisen, Planner I – 455-3900
Tom Martin, City Planner - 455-3900
Kent White, Director of Community Development – 455-3900

ATTACHMENT(S):

- Ordinance
- Application
- Right-of-way vacation map
- Zoning Map

REVIEWED BY: bms

UNCODIFIED ORDINANCE:

AN ORDINANCE VACATING AN UNNAMED ALLEY BETWEEN RICHMOND STREET AND BALTIMORE STREET.

WHEREAS, Farrell Lynchburg Properties, LLC, is petitioning to vacate a portion an unnamed alley; and

WHEREAS, City Council finds that no public inconvenience will result from vacating the right of way;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Lynchburg, on its own motion, and in accordance with the provisions of Section 15.2-2006 of the Code of Virginia, 1950, as amended, and Sections 35-71 through 35-77 of the City Code, 1981, as amended, the following described right of way be, and the same hereby is, discontinued and vacated, namely:

A 15-foot, unimproved alley running 305 feet between RICHMOND STREET and BALTIMORE STREET and parallel between OAKLEY AVENUE (formerly WASHINGTON AVENUE) and HOOD STREET (formerly LEE AVENUE) as depicted on Plan of Sections 1 & 2 of West Lynchburg, dated 1890 and recorded in the Campbell County Clerk's Office in Deed Book 53, page 51-53.

Said vacation is contingent upon the following: (1) that an easement to locate, relocate, repair, replace, maintain and perpetually operate all utilities currently located therein or needed by the City in the future is hereby reserved unto the City of Lynchburg, and (2) the construction of any building or structure or the use of the vacated property in any manner that could interfere with the City's right to locate, relocate, repair, replace, maintain and perpetually operate utilities is prohibited without the prior written approval of the City Manager's Office, City Utilities Division and the City Engineering Division.

BE IT FURTHER ORDAINED that the Clerk of Council is hereby authorized and directed to deliver a duly certified copy of this ordinance to the Clerk of the Circuit Court for the City of Lynchburg so that said certified copy of this ordinance may be recorded as deeds are recorded and indexed in the name of the City of Lynchburg.

Adopted:

Certified:

Clerk of Council

169K

APPLICATION FOR THE VACATION OF

ALLEY

LOCATED

BETWEEN RICHMOND AVENUE AND BALTIMORE STREET

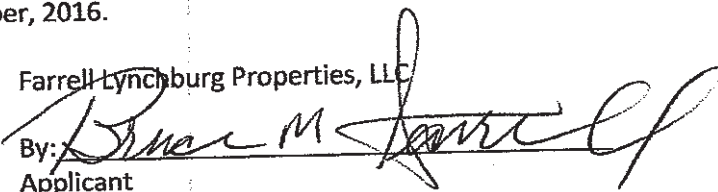
The undersigned applicant, Farrell Lynchburg Properties, LLC, pursuant to the provisions of Section 15.2-2006 of the Code of Virginia, 1950, as amended, and Section 35-71 through Section 35-77 of the City Code 1981, as amended, respectfully makes application to the Lynchburg City Council for the vacation of that certain portion of an unnamed alley described as follows:

A 15-foot, unimproved alley running 305-feet between RICHMOND ST and BALTIMORE ST and parallel between OAKLEY AVE (Formally WASHINGTON AVE) and HOOD ST (Formally LEE AVE) as depicted on Plan of Sections 1 & 2 of West Lynchburg dtd 1890 and recorded in the Campbell County Clerk's Office in DB53/PG51-53.

The applicant further requests the Lynchburg City Council to hold a public hearing on this application at its meeting to be held in the Council Chamber, City Hall, 900 Church Street, Lynchburg, VA on January 10, 2017, at 7:30 p.m., or as soon thereafter as the matter may be heard, and at the conclusion of which hearing to consider whether or not to vacate the above described portion of unnamed alley.

Given under my hand this 19th day of September, 2016.

Farrell Lynchburg Properties, LLC

By: 
Applicant

2009 Williamson Road, NE
Roanoke, VA 24012
Address

540.353.3680
Phone Number

WE, THE ADJOINING PROPERTY OWNER(S) ARE IN AGREEMENT TO THE VACATION OF THE ABOVE DESCRIBED PROPERTY: The property constitutes the entire block so there are no adjoining property owners.

Right-of-Way Vacation Map

UNNAMED ALLEY

TRC

Farrell Lynchburg Properties

City of Lynchburg - GIS Office 424.457.2021 www.lynchburgva.gov

PROPERTY INFORMATION

LEGEND

OVERVIEW MAP

PARCEL ID

ADDRESS

01305001	301 OAKLEY AVE
01305002	100 HOOD ST

 Subject Property

MAP SCALE: 1" to 200' DATE PRINTED: 11/21/2016

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Zoning-TRC Map

ROW VACATION - UNNAMED ALLEY

TRC

Farrell Lynchburg Properties



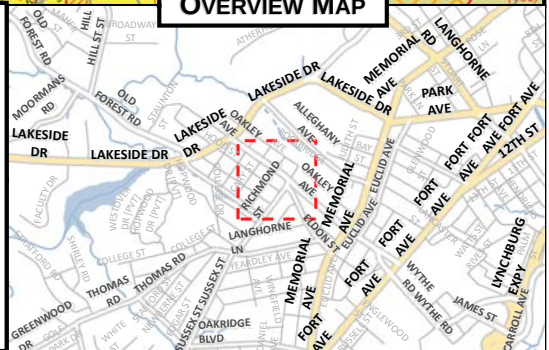
PROPERTY INFORMATION

PARCEL ID	ADDRESS
01305001	301 OAKLEY AVE
01305002	100 HOOD ST

LEGEND

 Subject Property	 R-1	 I-1	 IN-1
 200' Buffer	 R-2	 I-2	 IN-2
 B-1	 R-3	 I-3	 R-C
 B-3	 R-4		
 B-4			
 B-5			

OVERVIEW MAP



MAP SCALE: 1" to 4,000' DATE PRINTED: 10/7/2016

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LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **13**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Conditional Use Permit: Hi-Tech Automotive of Lynchburg LLC – 4897 Fort Avenue

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☒ Land Use	☐ Lifelong Learning	☐ Natural Resources
☒ Neighborhoods	☐ Safe Community	☐ Social Equity	☒ Transportation
			☐ Administrative

RECOMMENDATION: Approval of the conditional use permit (CUP) petition.

SUMMARY: Hi-Tech Automotive is petitioning for a CUP at 4897 Fort Avenue to bring an existing nonconforming use into compliance with the City's Zoning Ordinance and to allow the construction of a one thousand, nine hundred and eighty (1,980) square foot building addition. The petition is consistent with the *Zoning Ordinance* which permits auto repair in B-3, Community Business Districts upon approval of a CUP. The project is also in keeping with the *Comprehensive Plan 2013-2030* which recommends a Community Commercial use for the property. It is staff's understanding that a neighbor's concerns about increased noise are being mitigated separately through the addition of evergreen landscaping along the northwest property line.

Differences in prior documents and City Council's Agenda Summary can be attributed to a sale of the property after the initial application was submitted and the recordation of a plat consolidating three parcels (4891 and 4897 Fort Avenue and 1102 Tolleys Lane) into one parcel (4897 Fort Avenue).

PRIOR ACTION(S):

August 10, 2016: The Planning Division recommended approval of the CUP petition.
The Planning Commission recommended approval (6-0, with 1 vacancy) of the CUP petition.

FISCAL IMPACT: N/A

CONTACT(S): Tom Martin, City Planner -- 455-3900
Kent White, Community Development Director – 455-3900

ATTACHMENT(S):

- Resolution
- Planning Commission Minutes – October 26, 2016
- Planning Commission Packet – October 26, 2016
 - o Planning Commission Report
 - o Zoning Map
 - o Future Land Use Map
 - o Watershed Map
 - o Planimetric and Topographic Map
 - o Concept Plan
 - o Conditional Use Permit Narrative
 - o Property Photograph
 - o Speaker Signup Sheet

REVIEWED BY: bms

RESOLUTION:

A RESOLUTION GRANTING A CONDITIONAL USE PERMIT TO HI TECH AUTOMOTIVE OF LYNCHBURG LLC TO ALLOW THE USE OF THE PROPERTY FOR AUTOMOTIVE REPAIR AND THE CONSTRUCTION OF A ONE THOUSAND NINE HUNDRED AND EIGHTY (1,980) SQUARE FOOT ADDITION AT 4897 FORT AVENUE.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LYNCHBURG that the petition of High Tech Automotive of Lynchburg LLC to allow the use of the property for automotive repair and the construction of a one thousand nine hundred and eighty (1,980) square foot addition at 4897 Fort Avenue is approved subject to the following conditions:

1. The property will be brought into compliance with the City's Zoning Ordinance and be developed in substantial compliance with the concept plan dated 10/12/16.
2. The owners will maintain a shared parking agreement for a minimum of two (2) offsite parking spaces.
3. The owners will close the northern entrance on Tolleys Lane in accordance with City Standards.

Adopted:

Certified: _____
Clerk of Council

170K

MINUTES OF THE OCTOBER 26, 2016 PLANNING COMMISSION MEETING (MINUTES HAVE NOT BEEN APPROVED):

Petition of Donald J. & Theresa M. Siwek for a conditional use permit at 4891 and 4897 Fort Avenue and 1102 Tolleys Lane to allow the construction of a building addition with three automobile service bays and to bring the existing nonconforming use into compliance with the City's Zoning Ordinance in a B-3, Community Business District.

Mr. Tom Martin explained that the property is zoned B-3, Community Business District, and that the existing building was constructed in 1928. Automotive repair shops are allowed in a B-3 district upon approval of a conditional use permit. As it stands now, the automotive repair business located on the property is a nonconforming use. If the current use ceased for a period of two years, another automotive repair shop would not be allowed on the property. In addition, a nonconforming use is not allowed to expand. If approved, the conditional use permit would bring the property into compliance as well as allow for the addition of a three-bay service garage at the rear of the property.

The conditional use permit would also help bring the property into compliance with the City's landscape ordinance to include foundation plantings and street trees. A sidewalk will also be required along Tolleys Lane and one of the entrances will have to be closed. It is staff's opinion that approving this conditional use permit will help correct existing issues on the property.

The property is recommended for a Community Commercial use on the City's *Future Land Use Map (FLUM)*. Staff recommends approval of the conditional use permit petition.

Mr. Thomas Brooks, Sr. of Acres of Virginia was present to represent the petition. His clients are William and Charlotte Davis, who purchased the property from the Siweks. The shop was formerly known as Five Star Automotive and will be renamed to Hi Tech Automotive. Recently, a subdivision plat was approved and recorded which combined the above three parcels into one and the address assigned to it is 4897 Fort Avenue.

Mr. Brooks' clients would like to renovate the existing building and add a 1,980 square foot building at the rear of the property in order to modernize the facility and its equipment for current automotive needs. Mr. Brooks indicated that the Tolleys Lane entrance to the property will be closed and the Fort Avenue entrance will be brought up to City's standards. Other items that will be installed to bring the property into compliance with City's ordinance are a bicycle rack and a backflow preventer.

Mr. Brooks explained that the parking requirements of the Zoning Ordinance cannot all be met on site. There are ten spaces required and with the required setbacks, it is possible to get eight spaces on site. The current owners have purchased two parking spaces from the owners of the restaurant next door (Osaka).

Mr. Brooks and the current owners feel that with all the improvements that will be done to this site, it will bring a new and improved look to this corner of Fort Avenue and Tolleys Lane and request that the Planning Commission recommend approval of this petition to City Council.

Chair Perault asked for anyone else that wished to speak in favor of the petition. No one came forward. He asked for anyone who wished to speak in opposition to the petition. Mr. Wayne Harris of 1106 Tolleys Lane came forward. He stated that he is not necessarily opposed to the expansion of the garage. He is concerned with the amount of noise. Occasionally he hears tow trucks coming to the property after hours. He is 30 to 40 feet away from the property and he will be close to the new addition. Mr. Harris mentioned that he hears garbage trucks early in the morning a couple of times a week pulling up the other two businesses that are near this one. There is no fencing or wall or

enclosures around the dumpsters to help lessen the noise. Mr. Harris would like to know if there is anything else that can be done by the petitioner to address his concerns.

Mr. Brooks came to address these concerns. Mr. Brooks explained that there had been a lot of cars stored on the lot but they are or have been removed. Mr. Brooks pointed out that Mr. Harris' property is zoned commercial and he also pointed out that there is an existing privacy fence between his property and this property. Mr. Brooks does not think that noise will be a problem because the cars will be worked on in the new three-bay addition. There will be no outside repairing of vehicles.

Chair Perault closed the public hearing portion of the petition. Commissioner Lowe said that his concern about parking was addressed. Commissioner Marion asked Mr. Brooks if there is an existing building where the addition is planned. Mr. Brooks said there was a storage building there but it was demolished prior to the Davises purchasing the property.

Chair Perault commented that automobiles often pile up at a repair shop and he would assume that if that happens at this site that it would be a code enforcement issue. Mr. Martin indicated that is correct; however, with the new addition he does not think it will be a problem because there will be no room for cars. Chair Perault asked if the operating hours have been set and was told that they will be eight to five Monday through Friday.

Chair Perault indicated that he likes to see existing sites getting cleaned up and put back into use. With the landscaping and other improvements, he thinks the site will be improved and it is not a radical change from what was there before. As far as the noise, Chair Perault addressed Mr. Harris and conceded that it may be an issue but he thinks Mr. Harris is getting some good neighbors. He has started the dialogue by coming to this public hearing. Hopefully, if any problems come up, he can address them with the Davises as they move forward. Regarding the garbage trucks coming to the other properties, that is not something they can take into consideration with regard to this petition. Mr. Harris may need to approach those businesses to see if there is anything that can be done. Chair Perault thinks that the benefits are going to far outweigh any noise issue. He encouraged Mr. Harris to talk directly with the Davises if any noise issues do come up in the future.

Mr. Harris indicated that he has already spoken to the businesses and to their private trash collectors and it has been to no avail. Mr. Brooks indicated that the Davises will be keeping their garbage inside until it is time to put it out. They will take care of disposing of any oils and greases and none will be stored outside.

Chair Perault remarked that he is trying to give Mr. Harris some guidance and suggested he contact his council member to see if he or she can help him with the garbage collection issue. The commission cannot take that into consideration with regard to this petition. Commissioner Light thought that there have been many improvements along Fort Avenue but this site has languished. He is glad to see the business going in there and expanding. He feels the noise issues Mr. Harris brought up have been addressed to the best of the ability of the commission and City staff and are not related to this site.

Commissioner Marion made the following motion, which was seconded by Commissioner Lowe:

"That the Planning Commission recommends to City Council approval of the petition of the Hi-Tech Automotive to allow the repair of automobiles and the construction of a building addition at 4891 and 4897 Fort Avenue and 1102 Tolleys Lane subject to the following conditions:

- 1. The property will be brought into compliance with the City's Zoning Ordinance and be developed in substantial compliance with the concept plan dated 10/12/16.**

- 2. The owners will maintain a shared parking agreement for a minimum of two (2) offsite parking spaces.**
- 3. The owners will close the northern entrance on Tolleys Lane in accordance with City standards.**

The motion passed by the following vote:

AYES:	Bowden, Light, Lowe, Marion, Perault and Rogers	6
NOES:		0
ABSTENTIONS:		0
ABSENT:		0
VACANCY:		1

The Department of Community Development
City Hall, Lynchburg, VA 24504 **434-455-3900**

To: Planning Commission
From: Planning Division
Date: October 26, 2016
Re: **Conditional Use Permit (CUP)– Hi-Tech Automotive– 4891 & 4897 Fort Avenue and 1102 Tolleys Lane**

I. PETITIONER

Hi-Tech Automotive of Lynchburg Limited Liability Company (LLC), 4897 Fort Avenue, Lynchburg, VA 24502

Representative: Thomas C. Brooks, Senior (Sr.), Acres of Virginia, Incorporated (Inc.), 404 Clay Street, Lynchburg, Virginia 24504

II. LOCATION

The subject properties are approximately three hundred and fifty-one thousandths (0.351) of an acre, located at 4891 and 4897 Fort Avenue and 1102 Tolleys Lane.

Property Owner: Hi-Tech Automotive of Lynchburg LLC, 4897 Fort Avenue, Lynchburg, VA 24502

III. PURPOSE

The purpose of the petition is to allow the existing use of the property for automobile repair purposes and to allow the construction of a one thousand, nine hundred and eighty (1,980) square foot addition to accommodate three (3) additional service bays.

IV. SUMMARY

- The *Comprehensive Plan 2013-2030's Future Land Use Map (FLUM)* recommends a Community Commercial use for the property.
- Auto repair is permitted by CUP in B-3, Community Business Districts.
- Parking requirements are met through a combination of spaces on site and shared spaces with Osaka at 4901 Fort Avenue.

The Planning Division recommends approval of the rezoning petition.

V. FINDINGS OF FACT

1. **Comprehensive Plan.** The *Comprehensive Plan 2013-2030* recommends a Community Commercial use for the subject property. Community Commercial areas contain retail, personal service, entertainment and restaurant uses that draw customers from at least several neighborhoods up to the entire city. Community Commercial may also contain clusters of businesses, often at major intersections and shopping centers ranging from 100,000 to 200,000 square feet. Office, research and development, and technology development uses may be permitted in Community Commercial areas as long as traffic and other impacts to the community are mitigated (p 75).
2. **Zoning.** The subject property was annexed into the City in 1926. The existing B-3, Community Business District was established in 1978. The existing automotive repair shop has been operating as a non-conforming use since that time.

3. **Board of Zoning Appeals (BZA).** The Zoning Official has determined that no variances are needed for the development of the property as proposed.
4. **Surrounding Area.** There have been a several items requiring City Council approval in the immediate area:
 - On May 8, 1984, City Council approved the CUP petition of Chestnut United Methodist Church to construct a parking lot at 1209 and 1211 Radcliffe Avenue.
 - On January 8, 1991, City Council approved the CUP petition of Chestnut United Methodist Church to allow the operation of a day care at 4660 Fort Avenue.
 - On July 12, 1995, City Council approved the CUP petition of Chestnut United Methodist Church to construct offices, restrooms, and a multi-purpose facility, and to relocate and expand an existing playground at 4660 Fort Avenue.
 - On December 9, 1997, City Council approved the CUP petition of Fort Hill Memorial Park Inc. to construct two (2) additions to an existing mausoleum and a new columbarium in an R-2, Low-Medium Density residential district at 5196 Fort Avenue.
 - On March 11, 2011, David Aherns withdrew a CUP petition for the construction of six (6) townhouses in a B-1, Limited Business District at 4873 Fort Avenue.
5. **Site Description.** The subject property is comprised of three (3) tracts of approximately three hundred and fifty-one thousandths (0.351) of an acre in total area located at 4891 & 4897 Fort Avenue and 1102 Tolleys Lane. The three properties are in the process of being combined. The property is mostly flat and drains to the west and south over a retaining wall on the adjacent commercial property. The site is bound to the north by Tolleys Lane, to the east by Fort Avenue, to the south by La Tienda International Market and to the west by a single-household home, zoned B-3, Community Business District.
6. **Proposed Use of Property.** If the petition is approved, the property will continue to operate as a service garage and expand with a new three (3) service bay addition. One driveway entrance on Tolleys Lane will be closed and the other will be expanded to city standards. The cars that are parked along Tolleys Lane will be removed due to setback requirements. There will be an increase in service capacity with the building addition.
7. **Traffic, Parking and Public Transit.** The City's Transportation Engineer has indicated that one vehicular entrance to the property should be closed to meet access management standards in the City's Zoning Ordinance. Conditions applied with the CUP ensure that the closure is done to City standards.

The site is relatively small and can only accommodate eight (8) parking spaces on site. A total of ten (10) are required as two (2) are required for each service bay and two (2) are required for each three (3) employees on the main shift. An agreement is being worked out with the Osaka property owner at 4901 Fort Avenue for employees to use two (2) spaces on their site. It appears the amount of parking on the Osaka lot exceeds the City's Zoning Ordinance requirements and the excess spaces can be used by the employees of Hi-Tech Automotive.

This property is served by The Greater Lynchburg Transit Company (GLTC) Bus Route 4A and 4B with stops approximately sixty (60) feet from the subject property for southbound trips and two hundred and fifty (250) feet from the subject property for northbound trips. The

northbound stop is difficult to reach from the site as Fort Avenue is a busy four (4) lane road in this area with no crosswalks.

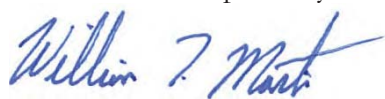
8. **Stormwater Management.** An Erosion and Sediment (E&S) Control Plan will be submitted with final site plans. A Stormwater Management Plan will be submitted if the project exceeds the City's thresholds of five thousand (5000) square feet of land disturbance, which is not anticipated at this time.
9. **Emergency Services:** Comments from the City Fire Marshal's Office and Police Department have or will be addressed at final site plan review.
10. **Impact.** The property is currently used as an automotive repair facility and is a nonconforming use. Automotive repair is permitted by Conditional Use Permit (CUP) in a B-3, Community Business District. The CUP is required to allow the three (3) bay service garage addition, and will also bring the site into conformance with the City's Zoning Ordinance. The proposed use of the property will remain the same as it has been for a number of years, but at a greater intensity because of the increase in service bays. Parking requirements are met and unless there is demand for excess parking, approval of the CUP should result in little to no impact in the area.
11. **Technical Review Committee.** The Technical Review Committee (TRC) reviewed the conditional use permit on October 4, 2016. Comments related to the proposed use have or will be addressed at the final site plan stage.

VI. PLANNING DIVISION RECOMMENDATION

Based on the preceding Findings of Fact, the Planning Commission recommends to City Council approval of the petition of the Hi-Tech Automotive to allow the repair of automobiles and the construction of a building addition at 4891 & 4897 Fort Avenue and 1102 Tolleys Lane subject to the following conditions:

1. **The property will be brought into compliance with the City's Zoning Ordinance and be developed in substantial compliance with the concept plan dated 10/12/16.**
2. **The owners will maintain a shared parking agreement for a minimum of two (2) offsite parking spaces.**
3. **The owners will close the northern entrance on Tolleys Lane in accordance with City standards.**

This matter is respectfully offered for your consideration.



William T. Martin, AICP
City Planner

pc: Ms. Bonnie M. Svrcek, City Manager
Ms. Margaret Schmitt, Interim Deputy City Manager
Mr. Walter C. Erwin, City Attorney
Mr. Kent L. White, Director of Community Development
Mr. J. Lee Newland, City Engineer
Ms. Cynthia Kozerow, Lynchburg Police Department
Battalion Chief Thomas Goode, Fire Marshal
Ms. Maggie Cossman, Transportation Engineer
Mr. Doug Saunders, Building Official
Mr. Kevin Henry, Zoning Administrator
Mr. Tommy Brooks, Representative, Acres of Virginia

VII. ATTACHMENTS

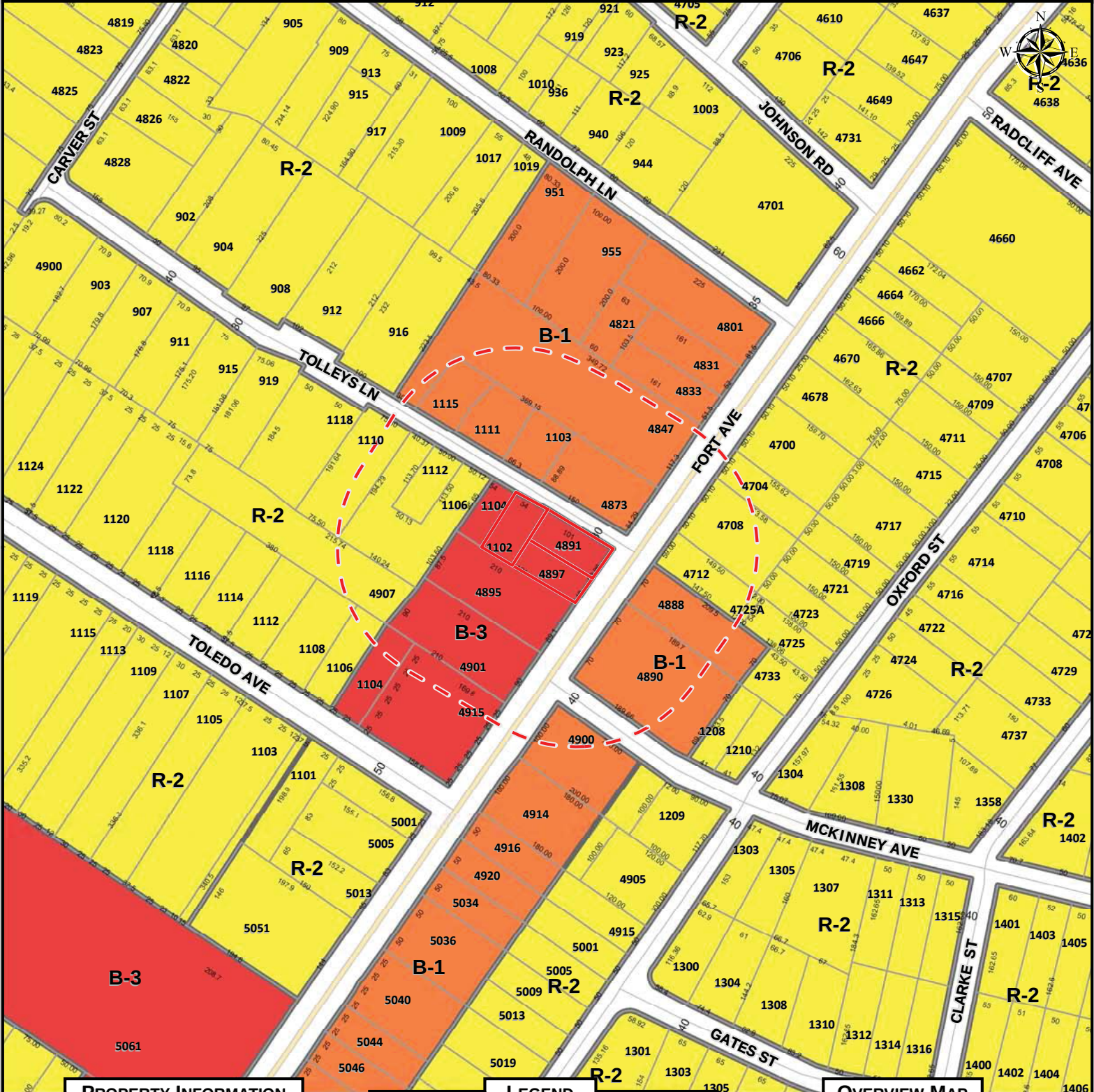
- 1. Zoning Map**
- 2. Future Land Use Map**
- 3. Watershed Map**
- 4. Planimetric and Topographic Map**
- 5. Narrative**
- 6. Concept Plan**
- 7. Property Photograph**

Zoning Map

CONDITIONAL USE PERMIT FOR AUTOMOTIVE REPAIR IN A B-3

Conditional Use Permit Request

Hi Tech Automotive



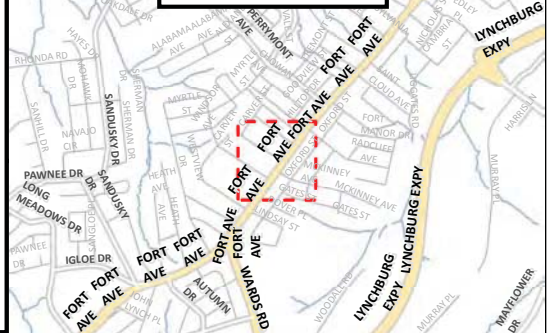
PROPERTY INFORMATION

PARCEL ID	ADDRESS
05506055	4897 FORT AVE
05506054	4891 FORT AVE
05506053	1102 TOLLEYS LN

LEGEND

 	Subject Property
 	215' Buffer
	B-1
	B-3
	B-4
	B-5
	R-1
	R-2
	R-3
	R-4
	I-1
	I-2
	I-3
	R-C
	IN-1
	IN-2

OVERVIEW MAP



MAP SCALE: 1" = 200' DATE PRINTED: 10/14/2016

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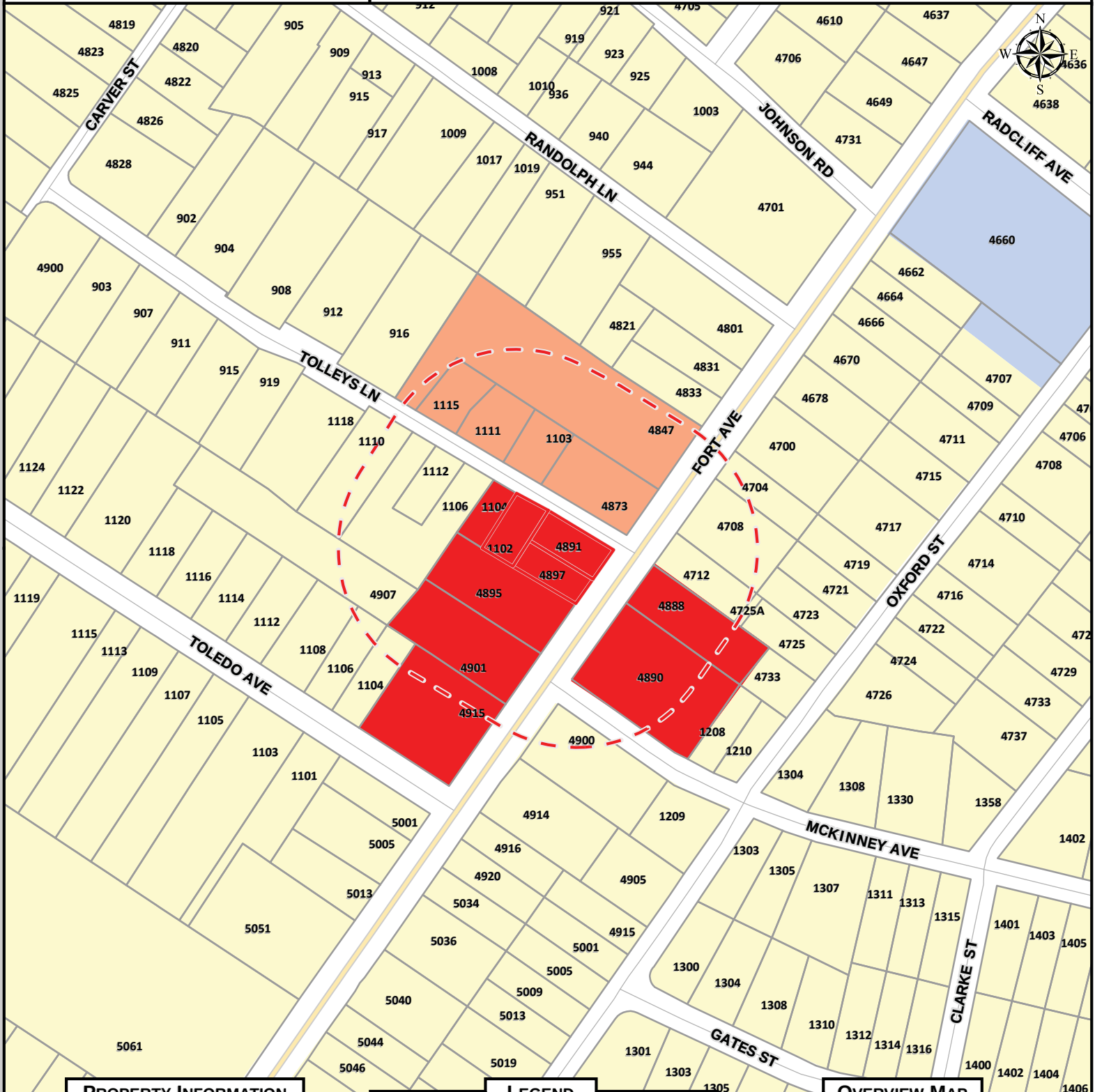
Parcel ID	Address	Owner
05309024	4708 FORT AVE	4708 FORT LLC
05506052	1104 TOLLEYS LN	BENTRIDGE PROPERTIES LLC
05506005	4915 FORT AVE	BONZ PROPERTIES LLC
05506011	1104 TOLEDO AVE	BONZ PROPERTIES LLC
05506006	1110 TOLLEYS LN	BROWN, MICHAEL JASON
05506004	4901 FORT AVE	CHEUNG, CHOI W & CHEN, WU MING
05506015	1108 TOLEDO AVE	GOULD, JEFFREY B & LINDA B
05309022	4888 FORT AVE	GUO, YUBIN & VICTORIA T
05506002	1106 TOLLEYS LN	HARRIS, WAYNE K JR &
05310001	4900 FORT AVE	HECKMAN, JOHN F & LAURA E
05506053	1102 TOLLEYS LN	HI TECH AUTOMOTIVE OF LYNCHBURG LLC
05506054	4891 FORT AVE	HI TECH AUTOMOTIVE OF LYNCHBURG LLC
05506055	4897 FORT AVE	HI TECH AUTOMOTIVE OF LYNCHBURG LLC
05506003	4895 FORT AVE	JUNG, BOOHONG & CHOI, YOUNJUNG
05506056	4907 FORT AVE	JUNG, BOOHONG & CHOI, YOUNJUNG
05506051	1112 TOLLEYS LN	KEN PROPERTIES LLC
05505015	4847 FORT AVE	LINDONN ASSOCIATES LLC
05505017	1103 TOLLEYS LN	LINDONN ASSOCIATES LLC
05505016	4873 FORT AVE	LINDONN ASSOCIATES LLC
05309020	4890 FORT AVE	MD DEVELOPERS LLC
05309023	4712 FORT AVE	NORTON, ROBERT L & RUTH J
05309026	4704 FORT AVE	SALE, AUBURN B JR & DELSIE G LIFE
05506013	1106 TOLEDO AVE	UPCHURCH, JASMINE MALIA
05505032	1115 TOLLEYS LN	WAGNER, JAMES D TRS
05505018	1111 TOLLEYS LN	WAGNER, JAMES D TRS

FLUM Map

CONDITIONAL USE PERMIT FOR AUTOMOTIVE REPAIR IN A B-3

Conditional Use Permit Request

Hi Tech Automotive



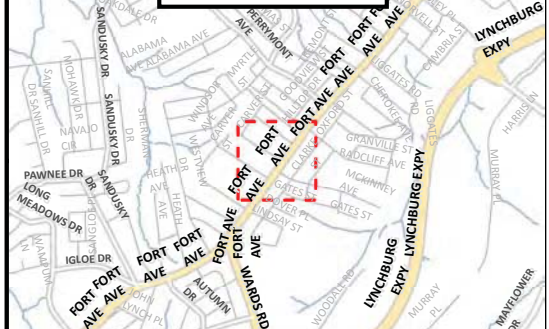
PROPERTY INFORMATION

PARCEL ID	ADDRESS
05506055	4897 FORT AVE
05506054	4891 FORT AVE
05506053	1102 TOLLEYS LN

LEGEND

	Local Historic District		Employment 1
	Traditional Residential		Employment 2
	Low Density Residential		Downtown
	Medium Density Residential		Institution
	High Density Residential		Public Use
	Neighborhood Commercial		Public Parks
	Community Commercial		Resource Conservation
			Mixed Use

OVERVIEW MAP



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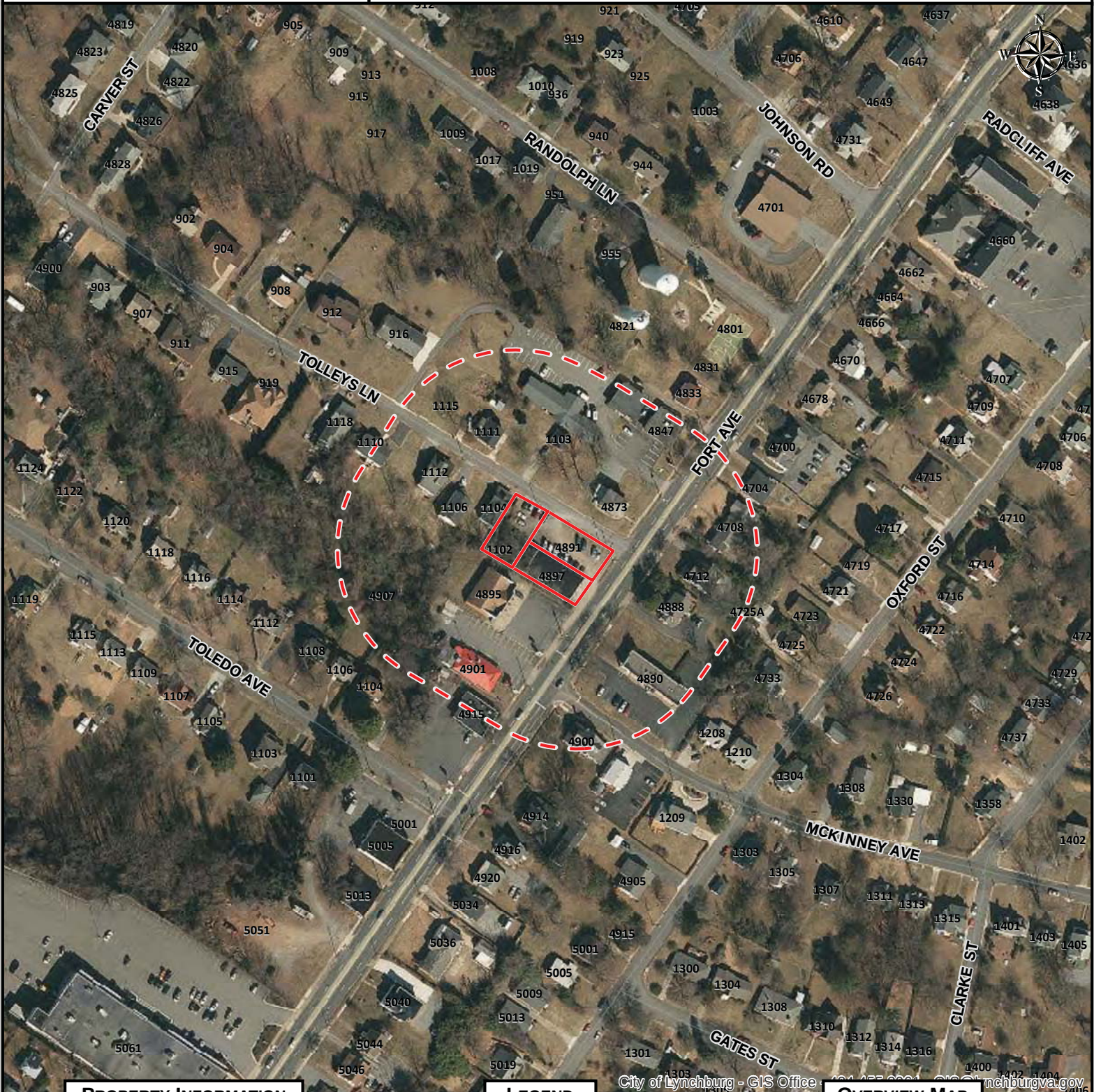
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Watershed Map

CONDITIONAL USE PERMIT FOR AUTOMOTIVE REPAIR IN A B-3

Conditional Use Permit Request

Hi Tech Automotive



PROPERTY INFORMATION

PARCEL ID ADDRESS

05506055 4897 FORT AVE
 05506054 4891 FORT AVE
 05506053 1102 TOLLEYS LN

LEGEND

- Subject Property
- Base Flood Elevation
- Floodway
- Floodzone
- River / Lake / Stream

OVERVIEW MAP



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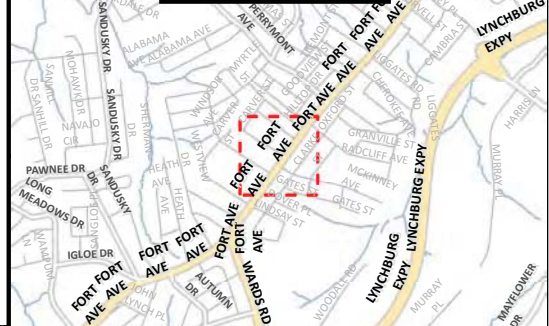
PROPERTY INFORMATION

PARCEL ID	ADDRESS
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05506053	1102 TOLLEYS LN

LEGEND

	Active	Proposed	Abandoned
Utilities	Water	Sanitary	Storm
Planimetrics	Structure	Roadway	Parking
	Sidewalk	Driveway	
Topography	Contour		

OVERVIEW MAP



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NOT

- PRIOR TO ANY CONSTRUCTION THE
GENERAL CONTRACTOR IS REQUIRED TO READ THE GENERAL CONSTRUCTION NOTES
AND FOLLOW THE NOTES TO THE LETTER

- DRAWING
- CIVIL-1

LANDSCAPE LEGEND AND REQUIREMENTS PER ORDINANCE DATED JUNE 13, 2006 (PROPOSED LANDSCAPING FOR NEW ADDITION)

COMMON NAME	PLANTING COUNT	PLANTING REQ'D	SIZE AT TIME OF PLANTING	BOTANICAL NAME	MULCH BED REQUIRED
RED SPRITE HOLLY SHRUB	13	13	3' IN HEIGHT	(Ilex verticillata)	YES
KOUSA DOGWOOD	15	15	1 1/2" CALIPER	(CORNUS KOUSA)	YES
RED MAPLE (RED SUNSET OR OCTOBER GLORY)-MOST COLORFUL	2	2	1 1/2" CALIPER	(ACER RUBRUM)	YES
VARIEGATED DOGWOOD	12	12	2' IN HEIGHT	(BULBUS SEMPERVIRENS VARIEGATA)	YES
DIARY BURNING BUSH (FOR RPZ)	6	6	36" MINIMUM	(EUCHYRIUM ALATUS COMPACTUS)	

LANDSCAPE COMPUTATIONS PER SECTION 35.2-63

256' / 20' = 12.8 ORNAMENTAL STREET TREES ARE REQUIRED ALONG FORT AVENUE AND TOLLEY'S LANE (SPACED 20' ON CENTER)

6 / 1 = 6 MEDIUM SHRUBS ARE REQUIRED IN PARKING ROW END CAPS

1 / 8 = 0.125 TREES PER PARKING SPACE ARE REQUIRED

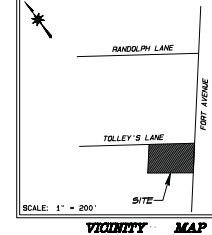
165.4 / 10 = 16.54 FOUNDATION SHRUBS REQUIRED (17 SHRUBS PLACED ALONG FOUNDATION NOT TO INTERFERE WITH ENTRANCES)

2 / 1 = 2 SHADE TREE FOR END CAPS

PARKING TABULATION

SIZE	EXISTING	PROPOSED	TOTAL SPACES PROVIDED
13'X18'	1	1	1
9'X18'	0	7	7
TOTAL PARKING SUPPLIED			8

TOTAL AREA OF LAND TO BE DISTURBED = 1980 SQ. FT. FOR BUILDING CONSTRUCTION



LEGEND:

- WM = WATER METER
- O.H. = OVERHEAD
- P.P. = POWER POLE
- DB = DEED BOOK
- P. = PAGE
- CONC. = CONCRETE
- H/C = HANDICAP
- X = BOARD FENCE
- TYP. = TYPICAL

—859— = EXISTING CONTOURS

▲ = BENCHMARK

PEDESTAL

R/W = RIGHT OF WAY

WM = WATER METER

— = SANITARY SEWER LINE

CL = CLEARING LIMITS

SF = SILT FENCE

FF = FINISH FLOOR

E.P. = EDGE OF PAVEMENT

TS = TEMPORARY SEEDING

PS = PERMANENT SEEDING

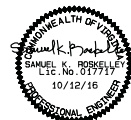
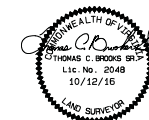
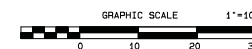
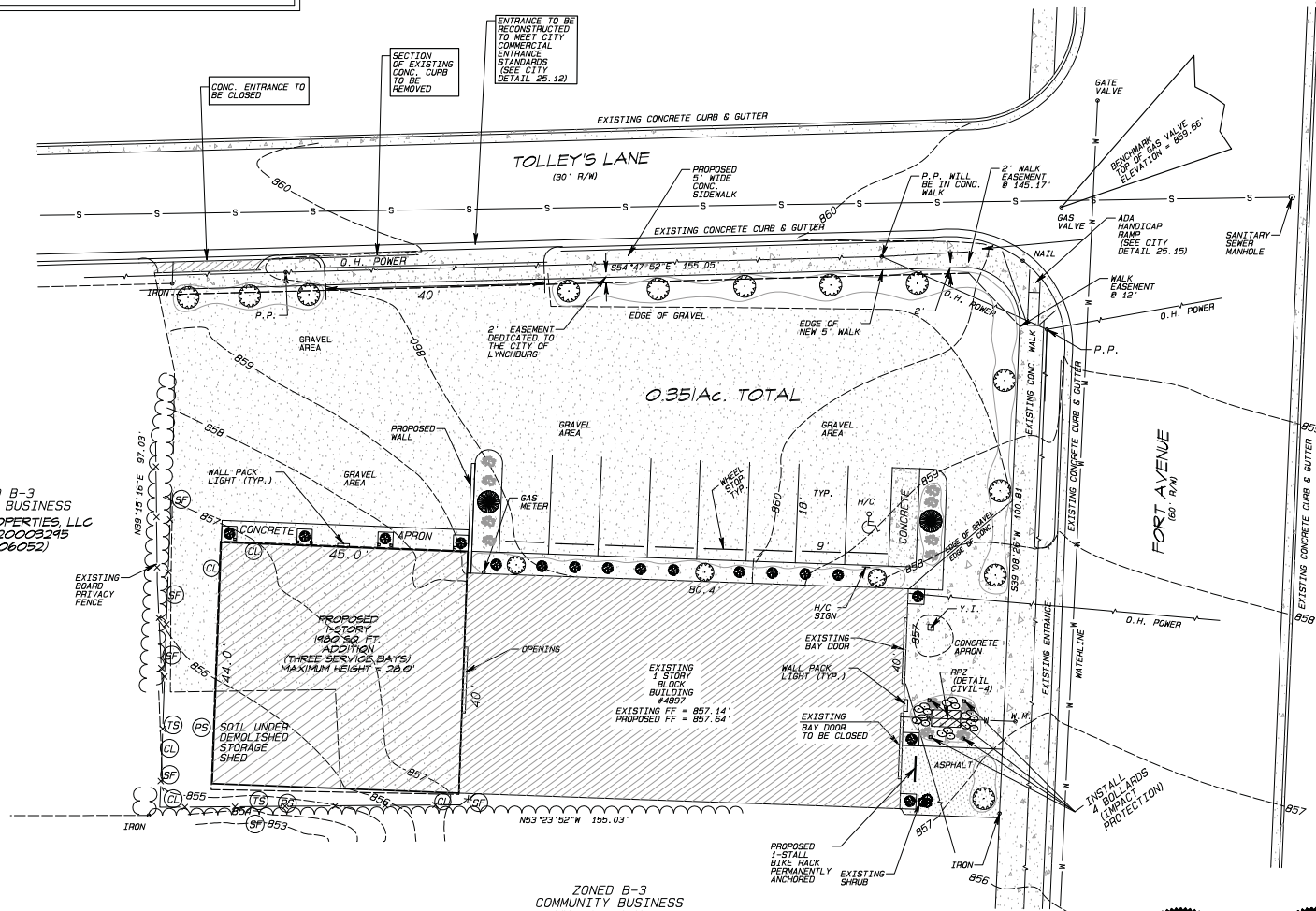
— = EXISTING TREE LINE

Y.I. = YARD INLET

RPZ = REDUCED PRESSURE PRINCIPLE BACKFLOW PREVENTION ASSEMBLY

ZONED B-3
COMMUNITY BUSINESS
BENTRIDGE PROPERTIES, LLC
INSTR. NO. 120003245
(TM #05506052)

ZONED B-3
COMMUNITY BUSINESS
JUNG BOOHONG &
CHOI YOUNGJUNG
INSTR. NO. 080006577
(TM #05506003)



ACRES OF VIRGINIA, INC.



COM. NO. 1: 18707
DATE: AUGUST 15, 2016
SENDER: JACOB BENTRIDGE
PLAN SCALE: 1" = 10'
TAX MAP 05506003/005
ACRES OF VIRGINIA, INC.

SITE LANDSCAPE AND
EROSION SEDIMENTATION
CONTROL PLAN FOR
NEW ADDITION

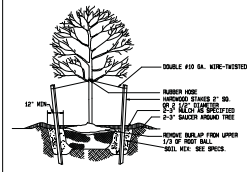
HI-TECH
AUTOMOTIVE

DRAWING

CIVIL-2

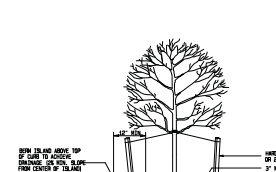
GENERAL LANDSCAPE SPECIFICATIONS:

- CONTRACTOR IS RESPONSIBLE FOR LOCATING ALL UNDERGROUND UTILITIES AND SHALL AVOID DAMAGE TO UTILITIES DURING THE COURSE OF THE WORK. CONTRACTOR IS RESPONSIBLE FOR NOTIFYING ANY DAMAGE TO UTILITIES, ETC., RESULTING FROM LANDSCAPE CONSTRUCTION.
- ALL PLANTS MUST BE VIGOROUS, HEALTHY MATERIAL, FREE OF PESTS AND DISEASE.
- ALL PLANTS AND TREES MUST MEET ALL REQUIREMENTS SPECIFIED IN THE PLANT LIST, DETAILS, AND SPECIFICATIONS.
- ALL TREES MUST BE SAVED OR STAKED AS SHOWN IN THE DETAILS.
- ALL PLANTS AND PLANTING AREAS MUST BE MAILED.
- CONTRACTOR IS RESPONSIBLE FOR VERIFYING ALL QUANTITIES SHOWN ON FINAL LANDSCAPE PLANS PRIOR TO PRECISE THE WORK.
- CONTRACTOR IS RESPONSIBLE FOR COMPLETELY MAINTAINING THE WORK (INCLUDING BUT NOT LIMITED TO: MATERIAL, MALCOLM, BRANING, FERTILIZING, ETC.) OF ALL PLANTING AREAS AND LAWS UNTIL TOTAL ACCEPTANCE OF THE WORK BY THE OWNER.
- CONTRACTOR SHALL COMPLETELY GUARANTEE ALL WORK FOR A PERIOD OF ONE YEAR BEGINNING AT THE DATE OF ACCEPTANCE. CONTRACTOR SHALL HAVE ALL REPLACEMENTS PROMPTLY (AS PER DIRECTION OF OWNER).
- CONTRACTOR SHALL STAKE OR HAVE STAKED PLANT MATERIAL LOCATIONS PRIOR TO INSTALLATION. CONTRACTOR SHALL HAVE OWNERS REPRESENTATIVE APPROVE ALL STAKING PRIOR TO INSTALLATION.
- ANY MATERIAL WHICH DIES, OR DEVIATES (PRIOR TO ACCEPTANCE OF THE WORK) SHALL BE PROMPTLY REMOVED AND REPLACED.
- STANDARDS SET FORTH IN "AMERICAN STANDARDS FOR NURSERY STOCK" (NURSERY) BOUND, OUTLINE THE SPECIFICATIONS ONLY AND WILL CONSTITUTE MINIMUM QUALITY REQUIREMENTS FOR PLANT MATERIAL.
- THE OWNER RESERVES THE RIGHT TO REJECT ANY PLANT MATERIAL NOT MEETING THEIR STANDARDS.
- THE CONTRACTOR IS RESPONSIBLE FOR SOIL SAMPLING AND TESTS TO DETERMINE EXACT FERTILIZER REQUIREMENTS.
- INSTALL STONE MAINTENANCE STRIP IF REQUIRED. STONE SHALL CONSIST OF RIVERSTONE WITH MAXIMUM DIMENSION OF FOUR INCHES (4"). STONE SHALL BE LAID THREE INCHES (3") DEEP OVER WEED BARRIER FABRIC. OVERLAP FABRIC SIX INCHES (6") PER COURSE. EDGING SHALL BE FOUR INCHES (4") X THREE SIXTEENTH (3/16") THICK BLACK POLYESTER AS MANUFACTURED BY SUPALOC (11-800-SURE-LOC) OR APPROVED EQUAL. ANCHOR EDGING IN PLACE WITH STAKES ELEVEN INCHES (11") LONG.
- LANDSCAPE CONTRACTOR IS TO BE RESPONSIBLE FOR WATERING ALL PLANT MATERIALS UNTIL THE TIME THE PERMANENT IRRIGATION SYSTEM IS FULLY FUNCTIONAL.
- IF THE SITE DEVELOPMENT PLANS DO NOT INCLUDE AN IRRIGATION SYSTEM, THE LANDSCAPE CONTRACTOR SHALL BE RESPONSIBLE FOR WATERING ALL PLANT MATERIALS UNTIL THE BULBING IS TURNED OVER TO THE OWNER.
- CHEMICAL WEED CONTROL SHALL BE APPLIED TO ALL LANDSCAPE AREAS PRIOR TO ANY PLANT INSTALLATION.
- THE CONTRACTOR SHALL SUBMIT A LIST OF ANY PROPOSED PLANT SUBSTITUTIONS. SUBSTITUTIONS MUST BE APPROVED BY THE OWNER PRIOR TO PURCHASE AND INSTALLATION.
- CONTRACTOR SHALL ALLOW TEN (10) WORKING DAYS FOR REVIEW AND APPROVAL BY THE OWNER.
- ALL PLANTS MUST MEET MINIMUM SIZE PER CITY OF LYNDHURST CODE. TREES SHALL BE OF NO. 1 GRADE SPECIMEN AND SHUBS SHALL BE HEAVY WELL SHAPED SPECIMENS.



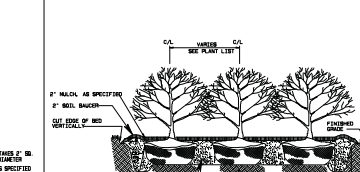
- REMOVE SOIL OR BRUSH BRANCHES, RETAINING NATURAL SHAPE.
- NEVER CUT CONTAINING LEAVES.
- SET THE TREE 1/2 IN. HIGHER THAN ABOVE GRADE.
- STAKES, WHIPS & TIES SHALL BE REMOVED AFTER ONE YEAR.
- STAKE TIES SHALL BE 1/2 IN. X 1/2 IN. X 1/2 IN.

1. DECIDUOUS TREE PLANTING
SCALE: N.T.S.



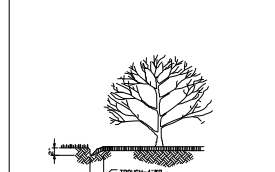
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- STAKES, WHIPS & TIES SHALL BE REMOVED AFTER ONE YEAR.
- STAKE TIES SHALL BE 1/2 IN. X 1/2 IN. X 1/2 IN.

2. TREE ISLAND DETAIL
SCALE: N.T.S.



- REMOVE SOIL OR BRUSH BRANCHES, RETAINING NATURAL SHAPE.
- NEVER CUT CONTAINING LEAVES.
- SET THE TREE 1/2 IN. HIGHER THAN ABOVE GRADE.
- STAKES, WHIPS & TIES SHALL BE REMOVED AFTER ONE YEAR.
- STAKE TIES SHALL BE 1/2 IN. X 1/2 IN. X 1/2 IN.

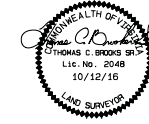
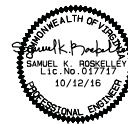
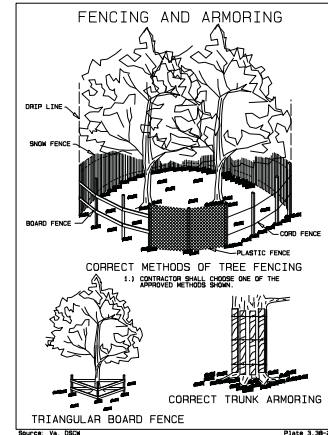
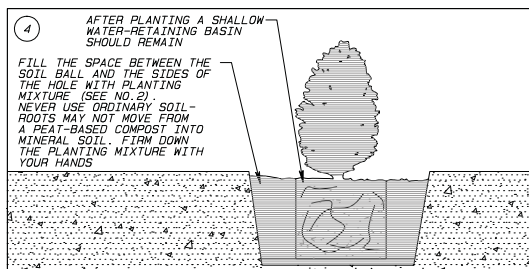
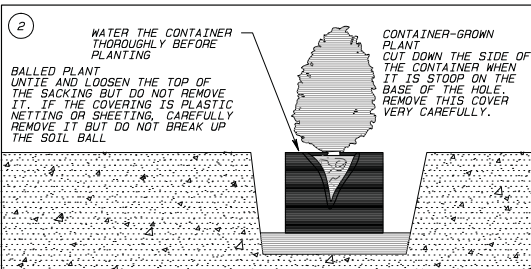
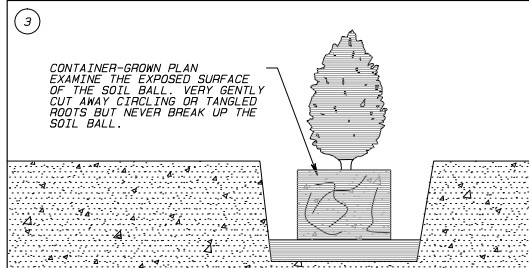
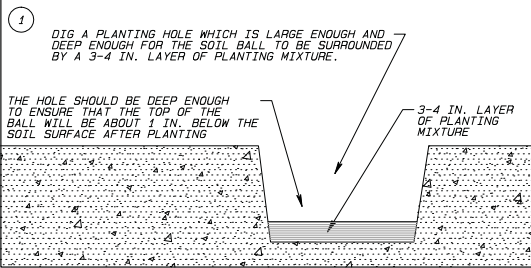
3. MASS SHRUB PLANTING
SCALE: N.T.S.



- REMOVE SOIL OR BRUSH BRANCHES, RETAINING NATURAL SHAPE.
- NEVER CUT CONTAINING LEAVES.
- SET THE TREE 1/2 IN. HIGHER THAN ABOVE GRADE.
- STAKES, WHIPS & TIES SHALL BE REMOVED AFTER ONE YEAR.
- STAKE TIES SHALL BE 1/2 IN. X 1/2 IN. X 1/2 IN.

4. PLANT BED EDGING
SCALE: N.T.S.

FOUNDATION PLANTING DETAIL (TYP.) N.T.S.



DATE	REVISION	CITY	COMMENTS
10/12/16	1		
	2		
	3		
	4		
	5		

ACRES OF VIRGINIA, INC.
ENVIRONMENTAL/SCIENCE CONSULTANTS
404 CLAY STREET
LYNDHURST, VA 24504
OFFICE (434) 598-4674
FAX (434) 840-1049

COM. NO.: 18707
DATE: AUGUST 15, 2016
BY: [Signature]
NOT TO SCALE
TAX MAP ORIGINATOR: GSA & OBS
CORRESPONDENCE: ACRES OF VIRGINIA, INC.

LANDSCAPE SPECIFICATIONS

HI-TECH
AUTOMOTIVE

DRAWING
CIVIL-3

HI-TECH AUTOMOTIVE DRAWING CIVIL-4	DETAILS		COMM. NO. 1 18707 DATE AUGUST 15, 2016 DRAWN BY: J. J. JONES CHECKED BY: J. J. JONES DESIGNED BY: J. J. JONES NOT TO SCALE TALK MAP ORIGINATOR, OR4 & OR8 CORP. 2101 VIRGINIA, INC. LYNCHBURG, VIRGINIA		ACRES OF VIRGINIA, INC. ENVIRONMENTAL & TECHNICAL CONSULTANTS 404 CLAY STREET LYNCHBURG, VA 24504 OFFICE (434) 529-4674 FAX (434) 845-1048 email: SPC@acresofva.com		REVISION 1 CITY COMMENTS 2 3 4 5	DATE 10/12/16
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NARRATIVE PER SECTION II-5
HI-TECH AUTOMOTIVE
TM# 05506053, 054 and 055

The building that occupies this property is an automotive repair shop. The building has been an automotive repair shop for decades and has been used as such. The former owner has conveyed title to the property to Hi-Tech Automotive via a boundary map vacating all interior lines which said map has been recorded in the Clerk's Office of the Circuit Court of Lynchburg, Virginia. Hi-Tech Automotive purchased the property for the same use, an automotive repair shop. The present owner proposes to construct a 1980 square foot frame building on the property as an addition to the existing automotive repair shop. The site plan attached denotes all proposed improvements required by City ordinance. The corridor on this section of Fort Avenue is Business use. This property sets at the corner of Tolley Lane and Fort Avenue. The property to the south of the automotive repair shop is zoned B-3 Business and the businesses along this corridor have multiple type shops that are non-consistent with automotive. The Comprehensive Plan provides for business use along this corridor and any additions or additional uses can be provided via Conditional Use Permits per City ordinance. Hi-Tech Automotive meets the objective of the Comprehensive Plan as a business use. This type of business has been located on this site for decades. This building was the former location of Tolley's Garage as far back as the 1960s.



**Hi Tech Automotive
Conditional Use Permit
October 26, 2016**

PLEASE PRINT

[illegible]

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **14**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Vacant Building Registration

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☒ Neighborhoods	☒ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: After public hearing, amend City Code Sections 11-191 and 11-192 to implement the Vacant Building Registration program on January 2, 2017. The annual deadline for owners to register their buildings would be July 1.

SUMMARY: On October 25, 2015, staff provided City Council an overview of the City's Vacant Building Registration Program. Originally adopted in 2003, the program was never implemented due to limited resources. The Virginia General Assembly has since amended the enabling legislation and refined the definition of vacant buildings to specify the program only applies to derelict structures. The amendments also allow the locality to increase the registration fee and associated penalties for failing to register the derelict structure. The Department of Community Development is requesting the registration fees be used for additional staffing. This would free up current staff to assist with occupied housing, rental inspections, zoning and nuisance issues.

At Council's direction, staff has scheduled a public hearing and prepared amendments to City Code that would (i) move the annual registration date from January 1 to July 1; (ii) clarify the registration only applies to derelict structures, as defined within section 11-191; (iii) increase the registration fee from twenty-five dollars (\$25) to one hundred dollars (\$100); and (iv) increase the civil penalties for failing to register from fifty dollars (\$50) to two hundred dollars (\$200) or, in a rehabilitation and conservation district, from two hundred fifty dollars (\$250) to four hundred dollars (\$400), respectively.

Upon adoption, the program will be communicated through various outlets to notify residents about the requirements and registration deadline.

PRIOR ACTION:

October 25, 2016: Council directed staff to prepare amendments to the Vacant Building Registration ordinance and schedule a public hearing to receive feedback regarding the changes.

FISCAL IMPACT:

Increased revenue due to program implementation and registration fee increase. Additional revenue is estimated between \$10,000 and \$15,000 during the first program year. The department would also apply for Community Development Block Grant (CDBG) funds to supplement staffing needs.

CONTACT:

Kent White, Director of Community Development

ATTACHMENTS:

- Ordinance
- Vacant Building Program Resource Analysis
- Presentation Slides – October 25, 2016

REVIEWED BY: bms

AN ORDINANCE TO AMEND AND REENACT SECTIONS 11-191 AND 11-192 OF THE CODE OF THE CITY OF LYNCHBURG, 1981, THE AMENDED SECTIONS RELATING TO THE VACANT BUILDING REGISTRATION PROGRAM.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LYNCHBURG:

1. That Sections 11-191 and 11-192 of the Code of the City of Lynchburg, 1981, be and the same are hereby amended and reenacted as follows:

Sec. 11-191. - Vacant building registration.

On or before ~~January~~ July 1 of each year, the owner or managing agent, or a duly authorized representative acting on behalf of the owner or managing agent, shall register with the ~~building property~~ maintenance official on forms developed by the inspections division, the address of any buildings they own or manage which have been vacant for a continuous period of 12 months or more and which meet the definition of derelict building. For purposes of this section, derelict building shall mean a residential or nonresidential building or structure, whether or not construction has been completed, that might endanger the public's health, safety, or welfare and for a continuous period in excess of six months, it has been (i) vacant, (ii) boarded up or secured in accordance with the building code, and (iii) not lawfully connected to electric service from a utility service provider or not lawfully connected to any required water or sewer service from a utility service provider. Every person filing registration forms with the ~~building property~~ maintenance official shall pay an annual registration fee of ~~\$25~~100.00 to defray the cost of processing the registration.

Sec. 11-192. - Failure to register.

Any person who fails to register a vacant building by the ~~January~~ July 1 deadline shall be subject to a ~~\$50~~200.00 civil penalty. Any person who fails to register any vacant building that is located in a conservation and rehabilitation district or any building that has been designated as blighted pursuant to the provisions of Section 36-49.1:1 of the Code of Virginia, shall be punished by a civil penalty not exceeding ~~\$250~~400.00 for each building that is not registered.

Sec. 11-193. - Notice of assessment of penalty.

At least 30 days prior to the assessment of any civil penalty, the inspections division shall mail the owner, or managing agent, or the duly authorized representative acting on behalf of the owner or managing agent, at the address to which property tax notices are sent notice of the failure to comply with the registration requirements of this section.

2. That this ordinance shall become effective on January 2, 2017.

Adopted:

Certified: _____
Clerk of Council

Vacant Building Program Resource Analysis

	Current Staff Workload for Vacant Buildings ¹	Estimated Staff Workload with Adoption of Vacant Building Registration Ordinance ²
Building inspections ; pre-Court inspections	4-6 Inspections annually	4-6 Inspections annually
Database Maintenance	Quarterly	Quarterly
Deed Research; owner notification	Semi-Annually	Semi-Annually
Registration; Billing	N/A	Annually
Enforcement; Notices of Violations; Court Hearings	Semi-Annually	Semi-Annually
City resources spent per vacant building, annually (excludes fee-based services) ³	\$175-\$245	\$180-\$255
Average City cost per vacant building, annually (excludes fee-based services) ³	\$210	\$220
Estimated number of vacant buildings, City-wide	250	250
Estimated City resources spent on vacant buildings, annually	\$52,500	\$55,000
Projected Vacant Building Registration Program Revenue	\$0	\$10,000 - \$15,000
Average Vacant Building Registration Program Revenue	\$0	\$12,500
Estimated Community Development Block Grant (CDBG) request	\$37,500	\$25,000

¹ Vacant buildings for the program are defined as those that are derelict, meaning they are vacant for at least 6 months, boarded or secured in accordance with the building code, and not lawfully connected to electric service or to any required water or sewer service from a utility service provider.

² Estimate does not include vacant building registration program start-up costs such as database transfer to billing system, program advertisement, etc. Initial program implementation estimated at \$5,000.

³ Fee-based services for structures include City charges to secure (i.e. board) the property and/or remove weeds and litter. The City charges \$250 for the first hour of labor and \$100 for each additional hour to perform these tasks.



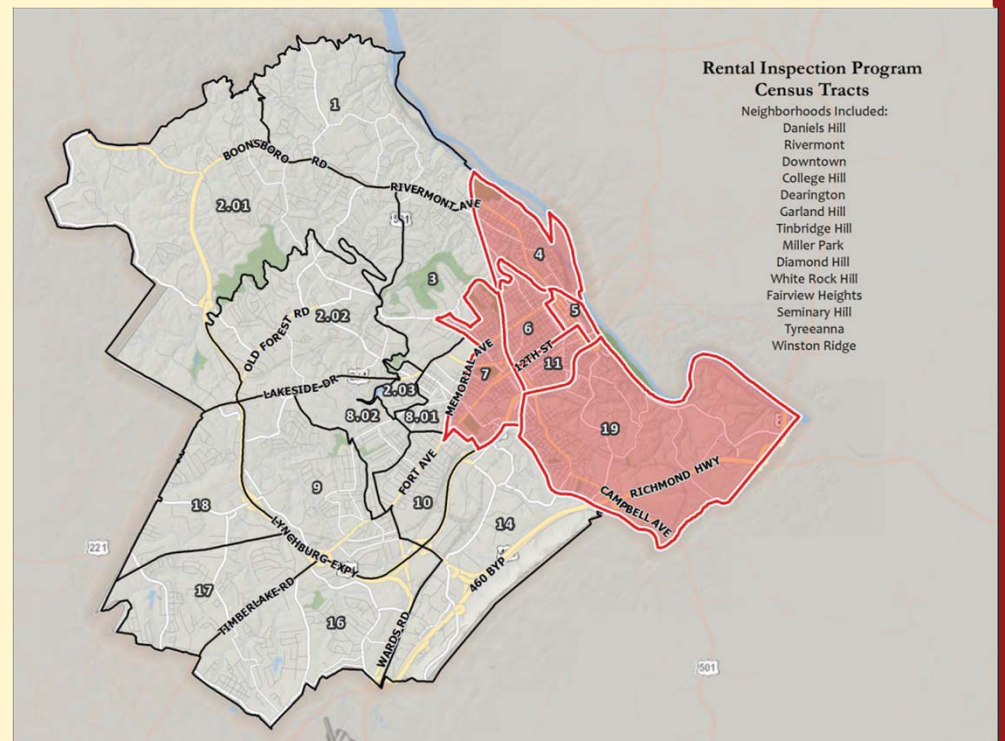
Vacant Building Registration Program

Department of Community Development
October 25, 2016



Problem Statement

- The City has an estimated 4,000 rental units in its rental inspection program that should be inspected every 4 years. Staff currently averages 550 inspections annually.
- All other housing and nuisance issues are addressed on a complaint basis.
- Vacant buildings are a significant number of those complaints.





Staff Request

Provide resources to proactively address vacant building issues, in turn freeing staff to better manage “occupied” housing and neighborhood programs (rental inspection, housing complaints, nuisance complaints, zoning complaints).



Vacant Building Registration Program Background

Lynchburg City Code Sec. 11-191; 11-192

In 2003, City Council adopted the following requirements for vacant buildings; they have not been implemented due to resource constraints:

- Owners of structures vacant for more than 12 months must register the property with the City.
- The registration fee is \$25.
- Failure to register a vacant building by January 1st is subject to a \$50 civil penalty. If the building is in a conservation and rehabilitation district the civil penalty increases to \$250 per building.



Lynchburg's Vacant Building Registration Program (cont.)

In 2013, the General Assembly adopted changes to the vacant building registration program:

- Structures must be defined as “derelict buildings”
- Localities may charge a \$100 registration fee.
- Penalties for not registering increased to \$200; penalties for buildings within conservation and rehabilitation district are \$400 per building.



Derelict Building

A residential or nonresidential building or structure, whether or not construction has been completed, that might endanger the public's health, safety, or welfare.

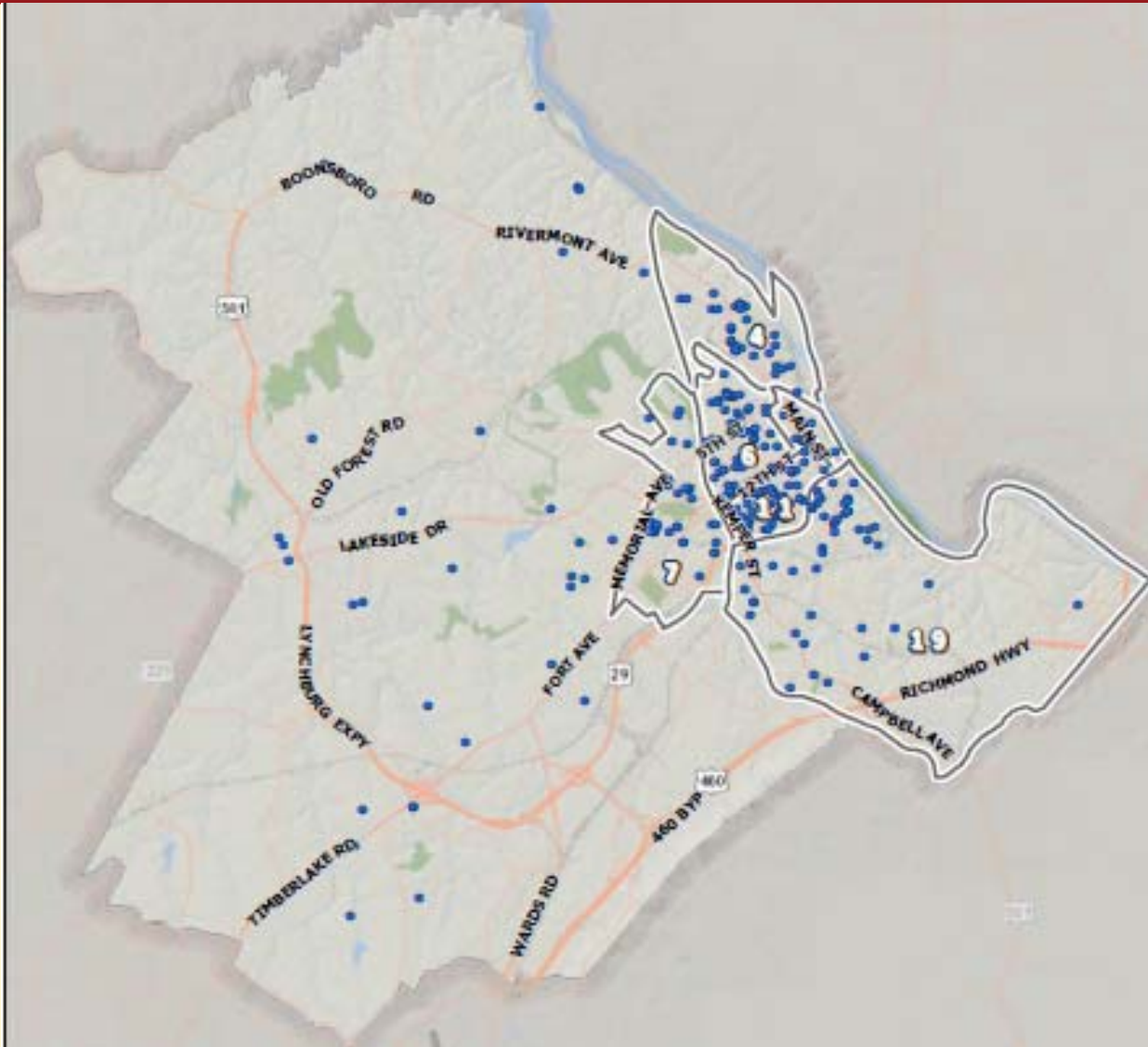
Must meet 3 criteria for a continuous period in excess of six months –

- (i) vacant,
- (ii) boarded up in accordance with the building code, and
- (iii) not lawfully connected to electric service or to any required water or sewer service from a utility service provider.

Code of Virginia § 15.2-907.1.



Derelict Buildings in Lynchburg



At any given time, there are approximately 250 vacant properties that include a structure meeting the definition of a derelict building.





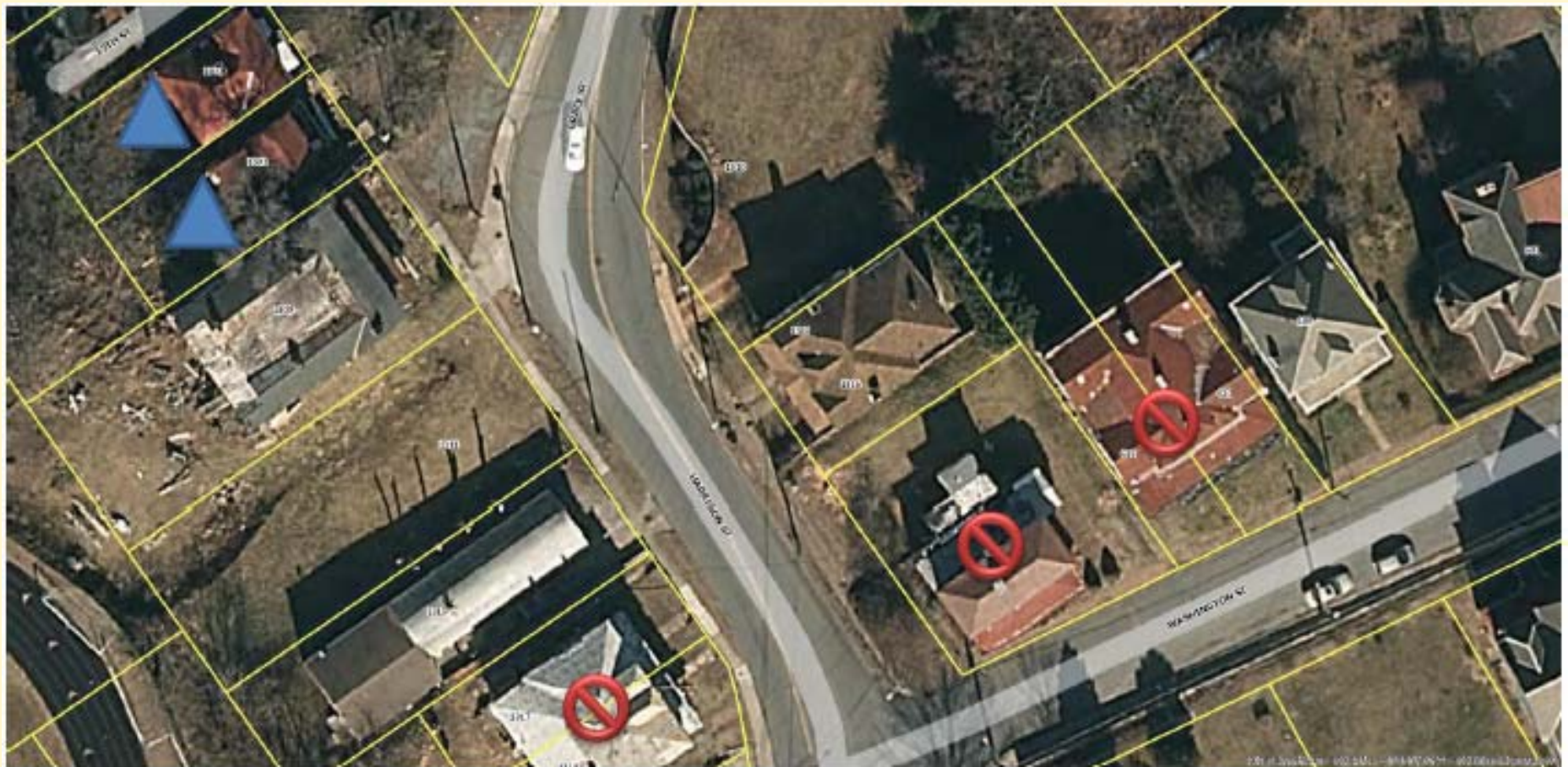
Impact of Vacant Buildings on Neighborhoods



Active Housing Case



Vacant Property



Vacant Houses:

- Unsafe Conditions/Attractive Nuisance
- Property/Neighborhood Values
- Conditions Worsen Over Time
- Little Incentive to Correct Violations



Resident Complaints:

- Staff time to Insure Exterior Condition is Maintained
- Staff time to Monitor Ownership



Staff Workload:

- Cannot Meet Rental Inspection Needs
- Delays Addressing Complaints



Service Delivery Impacts:

- Additional Housing/Neighborhood Issues and Complaints



Staff Recommendation

- **Direct staff to prepare amendments to City Code Sections 11-191 and 11-192 to:**
 - Identify the applicable vacant buildings as those with “derelict” structures
 - Change the registration fee from \$25 to \$100 to cover administrative costs
 - Change the penalties for not registering to \$200 and \$400 , respectively
- **Allow resources from registration fees to be used for program staffing.**



Staff Recommendation (cont.)

- Registration revenue supports “user fee” concept that pays for staff time to address code issues on vacant buildings.
- Staffing the program would free up inspector time for occupied housing/rental inspections and nuisance issues. If insufficient, funds could also be requested from the City’s Community Development Block Grant to supplement.
- Registration requirement may provide additional financial incentive for some owners of derelict structures to address the code issues.



Alternatives

- Amend City Code to identify vacant buildings as those with “derelict” structures but do not amend the registration fee. Consider Community Development Block Grant funds to supplement staff needs.
- Amend City Code to eliminate the Vacant Building Registration Program. Staff continues to address vacant buildings on a complaint basis along with other housing complaints.



Questions?





November 17, 2016

City Council of Lynchburg VA,

Please allow me to come and speak to you on December 13, 2016. Although I am not a citizen of Lynchburg, I am impacted by decisions that the City makes. My wife babysits for people who live in Lynchburg, and those people have not been able to compensate her properly because the City of Lynchburg has been denying them their constitutional rights. The problem, however, is larger than just the damage that my wife, her clients, and I have suffered. The city itself, and many of its residents, suffer daily from and because of this same injustice.

The US and Virginia constitutions require that no government makes a law that prohibits the free exercise of religion. The City of Lynchburg, however, makes and enforces budgets and other types of laws that deny the free exercise of religion to parents who believe their children should have a Christian-based education. City funds only support the education of children whose parents submit their children to secular education.

Parents of school age children who believe that God requires them to give their children a Christian education must not have to pay a penalty for their religious beliefs. The City of Lynchburg must treat all families equally, regardless of their religious beliefs. The Constitutions of the US and Virginia guarantee the FREE exercise of religion.

This problem impacts every citizen of Lynchburg and many people outside the city limits. I do not know how much the City spends each year per child for secular education, but the national average is approximately \$11,600. Not only are many Christian families being discriminated against, but their restricted family budgets are limiting all the choices they make each day. More than this, I believe there are many Lynchburg parents that would choose Christian based education if that choice was offered to them without economic penalty. In this regard, the City is not only inhibiting the free exercise of religion, but also prohibiting it, causing families to make decisions that go against their religious beliefs for economic reasons.

The City of Lynchburg, therefore, is not only discriminating against some of its citizens and minimizing their economic choices in the larger metropolitan area, but putting themselves in the category of being a lawbreaker and an oppressor. Because lawbreakers and oppressors cannot hope to have peace and prosperity, every citizen of Lynchburg is impacted. Furthermore, the City is not taking the opportunity of making itself a positive example for other municipalities to follow.

After WW2 the Nazi leadership was sentenced to jail terms because they did not refuse to obey Hitler's immoral agenda. The fact that other cities, states, and the federal government are also guilty of this same constitutional violation does not give Lynchburg the right to do so. You must accept personal responsibility for your City and exercise the moral determination to do what is right.

Please allow me to address you on December 13, 2016.

Sincerely, David S. Gifford, 285 Beasley Road, Lynchburg VA 24501, 540-226-5238, dsgifford@liberty.edu

165K

Valeria Chambers
Clerk of City Council
900 Church Street
Lynchburg, VA 24504
valeria.chambers@lynchburgva.gov

November 29th, 2016

Collin Byrne
4819 Old Boonsboro Rd
Lynchburg, VA 24503
collinmbyrne@yahoo.com

Dear Ms. Chambers,

I had intended on respectfully requesting that I be added to the agenda for the December 13th, 2016 City Council Meeting. I will not be available to attend the Lynchburg City Council Meeting on December 13th, 2016 since I will be out of the state that week. John Salmon has most graciously agreed to speak in my place, so I respectfully request that John Salmon be added to the agenda for the December 13th, 2016 City Council Meeting. Mr. Salmon will be addressing City Council regarding the appointments of future Lynchburg School Board members. Specifically, Mr. Salmon will respectfully request that City Council consider a proposal to include LCS PTA/PTO Presidents in the vetting process of prospective Lynchburg City School Board members.

Mr. Salmon's contact information is below;

John Salmon
144 Beacon Hill Place
Lynchburg, VA 24503
Mobile Number 434-444-1200
Email john.salmon@centrahealth.com

Sincerely yours,

Collin Byrne

Collin Byrne

CC: John Salmon

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **17**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Academy Center of the Arts

Strategic Pillar(s) Impacted:

☒ Arts & Culture	☐ Citizen Engagement & Social Capital	☒ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☐ Safe Community	☐ Social Equity	☐ Transportation
			☒ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 General Fund budget and appropriate \$200,000 with resources from the Academy Center of the Arts Committed Fund Balance reserve for payment to the Academy Center of the Arts.

SUMMARY: Pursuant to the April 1, 2016 Agreement between the City, the Lynchburg Economic Development Authority and the Academy Center of the Arts, Inc., the City agreed to provide \$200,000 in the FY 2017 budget toward the Historic Theatre restoration. City Council set aside \$200,000 for the Academy Center of the Arts with funding from the Tourism Department Operating Budget from existing Lodging Tax Revenue. Per the Agreement, the funds were to be paid upon the completion of the Academy's fundraising campaign and the Academy finalizing and executing a guaranteed maximum price construction contract for Phase 2 of the construction of the Historic Theatre and its associated improvements. In the FY 2017 Adopted Budget, City Council placed the funds into a Committed Fund Balance until the requirements were met.

The Academy has provided a written notice and confirmation letter dated December 2, 2016 that the requirements of the Agreement have been met and they are requesting the \$200,000 be paid. In order for the funds to be released, the \$200,000 needs to be appropriated.

PRIOR ACTION(S): April 1, 2016 Agreement

FISCAL IMPACT: Use of \$200,000 from the Academy Center of the Arts Committed Fund Balance reserve.

CONTACT(S): Donna Witt, Director of Financial Services, 455-3968.

ATTACHMENT(S): Academy's written notice and confirmation letter dated December 2, 2016
Resolution

REVIEWED BY: bms

RESOLUTION

BE IT RESOLVED that the FY 2017 General Fund Budget is amended and \$200,000 is appropriated with resources from the Academy Center of the Arts Committed Fund Balance reserve for payment to the Academy Center of the Arts.

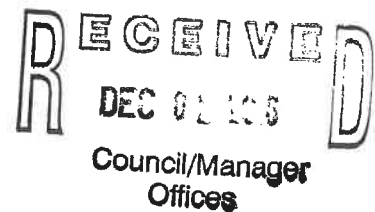
Introduced:

Adopted:

Certified:

Clerk of Council

174K



December 2, 2016

by hand

Board of Trustees

Officers

R. Sackett Wood
Mary Dalton
Dr. James W. Wright
John A. Timmons, Jr.
Theodore J. Dalheim, Jr.

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John W. Francisco, Esq.
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Luke Towles
Anitra B. Webster
Phyllis Workman
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Executive Director
Geoffrey Kershner

**Director of
Development**
Beth Doyle

434 528 3256
600 Main Street
Lynchburg, VA 24504
academycenter.org

Bonnie Svrcek
City Manager, City of Lynchburg
900 Church Street
Lynchburg, Virginia 24504

H. Michael Lucado, Chair
Lynchburg Economic Development Authority
900 Church Street
Lynchburg, VA 24504

Dear Ms. Svrcek and Mr. Lucado,

Pursuant to the April 1, 2016 Agreement between the City of Lynchburg, Virginia (the "City") the Economic Development Authority of the City of Lynchburg (the "Authority") and the Academy Center of the Arts, Inc. (the "Academy"), we are hereby requesting the FY2017 contributions of \$200,000 from the City and \$200,000 from the Authority. This request is sent and delivered to the parties as specified in paragraph 6 of this Agreement.

As noted in the Agreement, the City and the Authority will provide funding to the Academy according to a schedule outlined in paragraph 1. Each contribution is to be provided on or before August 1st of the City's fiscal year provided that the requirements of paragraph 2 of the Agreement are fully met.

Please accept this letter as the Academy's written notice and confirmation to both the City and the Authority that the requirements of paragraph 2 of the aforesaid Agreement have been fully met and satisfied by the Academy specifically:

- The Academy Theatre Capital Campaign (which began on October 1, 2012) has been concluded and did successfully receive pledges and donations in excess of \$16.6 million.
- The Academy and Jamerson-Lewis Construction have finalized and executed a Guaranteed Maximum Price (GMP) construction contract for Phase 2 of the construction of the Historic Theatre and its associated improvements. This contract is consistent with the budget and timeline for the Project.

December 2, 2016
Ms. Svrcek & Mr. Lucado
Page Two

On behalf of the Academy Board of Trustees, please accept our sincere thanks for the key role that the City and the Authority played in making this project a reality.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Sackett Wood". The signature is fluid and cursive, with the first name "R." being small and the last name "Wood" being larger and more prominent.

R. Sackett Wood
President, Board of Trustees

cc: Geoffrey Kershner
Walter Erwin
Ted Craddock

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **18**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Electoral Board/Registrar's Request for Supplemental Funding

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☒ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☐ Safe Community	☐ Social Equity	☐ Transportation
			☒ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 General Fund budget and appropriate \$12,200 with resources from the General Fund Reserve for Contingencies to provide funding to the Electoral Board/Registrar's Office for estimated costs for the January 10, 2017 Senate of Virginia Special Election.

SUMMARY: Pursuant to § 24.2-216 of the Code of Virginia, the City of Lynchburg is required to hold an election on Tuesday, January 10, 2017, to fill the vacancy in the Senate of Virginia from the Twenty-Second Senate District. The vacancy will occur in the Senate of Virginia from the Twenty-Second Senate District, composed of Amherst County, Appomattox County, Buckingham County, Cumberland County, Fluvanna County, Goochland County, Prince Edward County, part of Louisa County, and part of the City of Lynchburg, occasioned by the receipt of notification of the resignation of The Honorable Thomas A. Garrett, Jr.

The City's Registrar requests City Council appropriate \$12,200 to cover the estimated costs associated with this special election. Costs include an estimated \$530 for additional Registrar's Office staffing, \$6,500 for election official pay, \$2,500 for election software programming, \$1,500 for ballot printing, \$100 for postage, \$450 for precinct supplies, \$200 for the required legal notice in the newspaper, \$120 for election day mileage for Electoral Board and Deputy Registrar, and \$300 for election day food services.

PRIOR ACTION(S): Finance Committee, December 13, 2016

FISCAL IMPACT: \$12,200 from the FY 2017 General Fund Reserve for Contingencies

CONTACT(S): Karen D. Patterson, Registrar, 477-5995

ATTACHMENT(S): Resolution

REVIEWED BY: bms

RESOLUTION

BE IT RESOLVED that the FY 2017 General Fund budget is amended and \$12,200 is appropriated with resources from the General Fund Reserve for Contingencies to provide funding to the Electoral Board/Registrar's Office for estimated costs for the January 10, 2017 Senate of Virginia Special Election.

Introduced:

Adopted:

Certified:

Clerk of Council

173K

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **19**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Virginia Wireless E-911 Services Board Grant

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☒ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget to appropriate \$2,800 with funding from the Virginia Wireless E-911 Services Board FY 2015 Public Safety Answering Point Grant Program to install Centralized Automatic Message Accounting (CAMA) module card equipment and configure two (2) trunks at the Department of Emergency Services Emergency Communications Center.

SUMMARY: In July 2014, Verizon completed a traffic/busy study on the City of Lynchburg's 911 lines and recommended that two (2) additional wireless lines be added to meet the P.01 grade of service. Our network has two (2) tandems so it will be necessary to add one member to each tandem to ensure balance. The additional cost of these lines will be covered under the billing agreement that Verizon currently has with the Commonwealth.

A grant application was submitted to the Virginia Wireless E-911 Services Board to add the 911 Wireless CAMA cards. Notification was received that the grant has been awarded and the funds for reimbursement were available on July 1, 2015.

PRIOR ACTION(S):

Finance Committee, November 22, 2016

FISCAL IMPACT: None, no local match is required.

CONTACT(S):

Melissa D. Foster, Director of Emergency Services, 455-4285
Jennifer E. Maul, Deputy Director of Emergency Services, 455-4149

ATTACHMENT(S):

Resolution
Grant Award Letter

REVIEWED BY: bms

RESOLUTION:

BE IT RESOLVED that the FY 2017 City/Federal/State Aid Fund is amended and \$2,800 is appropriated with funding from the Virginia Wireless E-911 Services Board FY 2015 Public Safety Answering Point Grant Program to install Centralized Automatic Message Accounting (CAMA) module card equipment and configure two (2) trunks at the Department of Emergency Services Emergency Communications Center.

Introduced:

Adopted:

Certified:

Clerk of Council

167K



COMMONWEALTH of VIRGINIA

Virginia E-911 Services Board

January 8, 2015

Dorothy Spears-Dean
PSC Coordinator
(804) 416-6201

Terry D. Mayo
Board Administrative
Assistant
(804) 416-6197

Jeffrey D. Stern
Chairman
VDEM

Chief Doug Middleton
Henrico County
Vice Chairman

David A. Von Moll
Treasurer
Comptroller

J.D. Diggs
York County

Danny Garrison
Richmond Ambulance
Authority

Diane Harding
Verizon Wireless

Pokey Harris
Washington County

Jim Junkins
Harrisonburg-Rockingham
ECC

Lt. Colonel Robert Kemmler
Virginia State Police

Robert Layman
AT & T

Chief Anthony McDowell
Henrico County

Sam Nixon
VITA

David Ogburn
Verizon

Athena Plummer
City of Virginia Beach

Kathleen Seay
Hanover County

Brandon Smith
Office of the Governor
Advisor

Ms. Melissa Foster, Acting Director
Lynchburg ECC
3621 Candler's Mountain Road
Lynchburg, VA 24502

Dear Ms. Foster:

This letter is in reference to your grant application for consideration under the FY16 PSAP Grant Program for a CPE (911 wireless CAMA cards) project, Grant ID 70. I am pleased to advise you that the Virginia E-911 Services Board has approved your request. You have been awarded \$2,800. This award does not require a match of local funds.

Funding for this grant award will be available for payment reimbursement beginning July 1, 2015. The PSAP Grant Program has a grant cash disbursement policy of reimbursement. All funding requests must be submitted on the Public Safety Grant Payment Request Form, which is available on the ISP website. The invoice(s) that substantiates the amount requested must be attached to the request form when submitted for funding payment.

An annual Financial and Programmatic Report will be required for this grant award until the project is complete. Upon project completion, you will need to close out the grant award with a final Financial and Programmatic Report.

Finally, in order for a funding request to be processed, the PSAP must have already submitted any required financial and grant progress reports for any previous fiscal years by the identified deadline, unless an exception has been granted by the PSC Coordinator. This includes required submission of any true-ups and supporting documentation.

If you have any questions, please do not hesitate to contact your Regional Coordinator or me via email.

Congratulations on your grant award!

Sincerely,

Lisa Nicholson
Public Safety Program Manager

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **20**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: 2016 Hazardous Materials Emergency Preparedness Grant

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☒ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget to appropriate \$42,150 with funding from the 2016 Hazardous Materials Emergency Preparedness Grant (HMEP) to conduct a commodity flow study for the City of Lynchburg.

SUMMARY: The Department of Emergency Services has applied for the 2016 HMEP grant on behalf of the Local Emergency Planning Committee (LEPC) to conduct a commodity flow study. The study will provide the LEPC and the City with information about the types of hazardous materials that are being transported on the arterial highways through the City including 29, 501 and 460. This information will allow first responders to better prepare for incidents involving these hazardous material in the future.

A grant application was submitted to the Virginia Department of Emergency Management which distributes the HMEP grant from the U.S. Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA) Notification was received that the grant has been awarded and the funds were available on November 15, 2016.

PRIOR ACTION(S): Finance Committee, December 13, 2016

FISCAL IMPACT: The grant requires a 20% match of \$8,430. Water Resources (\$4,215), the Fire Department (\$2,108) and the Police Department (\$2,108) have agreed to partner with the LEPC to cover the match.

CONTACT(S): Melissa D. Foster, Director of Emergency Services, 455-4285
Jennifer E. Maul, Deputy Director of Emergency Services, 455-4149

ATTACHMENT(S): Resolution
Grant Award Letter

REVIEWED BY: bms

RESOLUTION

BE IT RESOLVED that the FY 2017 City/Federal/State Aid Fund is amended and \$42,150 is appropriated with funding from the 2016 Hazardous Material Emergency Preparedness Grant to conduct a commodity flow study on the hazardous materials transported through the City.

Introduced:

Adopted:

Certified:

Clerk of Council

176K

COPY



COMMONWEALTH of VIRGINIA

Department of Emergency Management

JEFFREY D. STERN, Ph. D.
State Coordinator

BRETT A. BURDICK
Chief Deputy Coordinator

SUSAN L. MONGOLD
Deputy Coordinator

10501 Trade Court
North Chesterfield, Virginia 23236-3713
(804) 897-6500
(TDD) 674-2417
FAX (804) 897-6506

November 15, 2016

Ms. Bonnie Svreck
City Manager
City of Lynchburg
900 Church Street
Lynchburg, Virginia 24504

RE: 2016 Hazardous Materials Emergency Preparedness (HMEP) Grant

Dear Ms. Svreck:

The Virginia Department of Emergency Management (VDEM) is pleased to announce the allocation of a **2016 Hazardous Materials Emergency Preparedness Grant (HMEP) (CFDA # 20.703)** from the U.S. Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA). Appropriation authority for this program is Title 49 - Transportation Subtitle B Part 110 – Hazardous Materials Public Sector Training and Planning Grants. Your locality has been allocated funding for:

Project Title: Commodity Flow Study
Obligation Period: September 1, 2016 to March 31, 2018
Total Grant Award: \$42,150

Funds will be formally awarded to your locality through a Grant Agreement issued by VDEM upon its satisfactory review of your application package submission and approval of a budget application in VDEM's Electronic Grants Management System (eGMS).^{*} You must initiate these steps, described under *Accessing Your Allocation*, within 30 days from the date of this notification.

"Working to Protect People, Property and Our Communities"

Ms. Svreck
November 15, 2016
Page 3

Step 1: Complete these documents and submit electronically as one package to your Grants Administrator:

- Point of Contact (POC) Form
- FEMA Environmental and Historic Preservation (EHP) Screening Form
 - All projects must comply with EHP requirements. Sub-recipients must not obligate and/or expend any (federal and/or non-federal matching) funds on any project having the potential to impact environments planning and historical preservation resources without the prior approval of FEMA. For more information, please visit <http://www.vaemergency.gov/em-community/grants/> or contact your Grants Administrator.
- Assurances- Non-construction Form
- FEMA 20-16C Form
- SF-LLL – Certification Regarding Lobbying Form

Step 2: Log in to the VDEM Electronic Grants Management System (eGMS) at <https://www.ttegms.com/virginia/login.cfm> to complete and submit a budget application for your allocation. If you do not have access to eGMS, please contact your Grants Administrator.

[Click on Grant Management, Budget Application, from the drop-down menu. Click the link named FY 2016 State Homeland Security Program (SHSP) to complete your budget application.]

Notification of budget approval will be sent through an eGMS automated email message to the sub-recipient point of contact entered in the budget application.

Reporting

Sub-recipients are obligated to submit quarterly progress reports as a condition of their award. The report, which can be found at <http://www.vaemergency.gov/em-community/grants/all-grant-forms> must report on progress towards implementing plans described in the funding proposal and the approved budget. Reports must be submitted to your Grants Administrator by email within 15 days following the end of the quarter.

Within 30 days after the end of the period of performance, sub-recipients must submit a final progress report detailing all accomplishments throughout the period of performance. After the report has been reviewed and approved by the Grants Office, a close-out notice will be issued which will indicate the period of performance as closed, list any remaining funds that will be deobligated, and address the record retention requirements for grant records. The sub-recipient must return any funds that have been drawn down, but remain unliquidated in its financial records.

Ms. Svreck
November 15, 2016
Page 4

Please initiate the steps described under *Accessing Your Allocation* within 30 days from the date of this notification. If you have any questions regarding this award, please contact Anna Walker in the Grants Office at (804) 897-9966 or Anna.Walker@vdem.virginia.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey D. Stern".

Jeffrey D. Stern Ph.D.

JDS/aw

cc: Jack King
Bruce Sterling

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **21**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: Virginia Wireless E-911 Services Board Grant

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☒ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget to appropriate \$150,000 with funding from the Virginia Wireless E-911 Services Board FY 2017 Public Safety Answering Point Grant Program to upgrade the existing Call Handling Equipment (CHE) system at the Department of Emergency Services.

SUMMARY: The City will need to upgrade the existing CHE system that will be technically outdated and reached end of life in FY 2017. The existing CHE system is the Airbus Defense & Space (DS) Communications VESTA® PALLAS™ and has been in service since 2005 and hardware refreshed in FY 2012. The PALLAS existing XP Operating system is no longer supported by Microsoft and the existing Airbus DS support contract expires in December 2016. Without immediate replacement of this mission critical CHE system, the City is risking system failure which would leave us with the inability to accept emergency wireless and wire line 911 calls from the citizens and visitors of the City.

A grant application was submitted to the Virginia Wireless E-911 Services Board to replace the existing Call Handling Equipment. Notification was received that the grant has been awarded and the funds were available on July 1, 2016.

PRIOR ACTION(S):

Finance Committee, November 22, 2016

FISCAL IMPACT: None, no local match is required.

CONTACT(S):

Melissa D. Foster, Director of Emergency Services, 455-4285
Jennifer E. Maul, Deputy Director of Emergency Services, 455-4149

ATTACHMENT(S):

Resolution
Grant Award Letter

REVIEWED BY: bms

RESOLUTION:

BE IT RESOLVED that the FY 2017 City/Federal/State Aid Fund is amended and \$150,000 is appropriated with funding from the Virginia Wireless E-911 Services Board FY 2017 Public Safety Answering Point Grant Program to upgrade the existing Call Handling Equipment (CHE) system at the Department of Emergency Services.

Introduced:

Adopted:

Certified:

Clerk of Council

166K



January 21, 2016

Dear Lynchburg PSAP:

Thank you for submitting a FY17 PSAP Grant application. Your application meets the current Grant Guidelines and was recommended for funding by the PSAP Grant Committee. I am pleased to advise you that the Virginia E-911 Services Board has approved your request. You have been awarded \$150,000 for your Individual Call Handling Equipment project, grant ID 074.

Funding for this grant award will be available on a reimbursement basis beginning July 1, 2016. Reimbursements will only be made for items allowable under the current Grant Guidelines. All funding requests must be submitted on the Public Safety Grant Payment Request Form, which is available on the ISP website. The invoice(s) that substantiates the amount requested must be attached to the request at the time of submission.

Furthermore, an annual Financial and Programmatic Report will be required for this grant award until the project is complete. Upon project completion, you will need to close out the grant award with a final Financial and Programmatic Report.

Finally, in order for a funding request to be processed, the PSAP must have already submitted any required financial and grant progress reports for any previous fiscal years by the identified deadline. This includes required submission of any true-ups and supporting documentation.

If you have any questions, please do not hesitate to contact your Regional Coordinator or me. Congratulations on your grant award!

Sincerely,

Lisa Nicholson

Lisa Nicholson
PSAP Grant Program Manager

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2016**

AGENDA ITEM #: **22**

CONSENT:
ACTION: **X**

REGULAR: **X**
INFORMATION:

WORK SESSION:

CLOSED SESSION:
(Confidential)

ITEM TITLE: 2016 Virginia Department of Emergency Management (VDEM)- State Homeland Security Program (SHSP) Grant

Strategic Pillar(s) Impacted:

☐ Arts & Culture	☐ Citizen Engagement & Social Capital	☐ Economic Development	☐ Healthy & Active Living
☐ Infrastructure	☐ Land Use	☐ Lifelong Learning	☐ Natural Resources
☐ Neighborhoods	☒ Safe Community	☐ Social Equity	☐ Transportation
			☐ Administrative

RECOMMENDATION: Adopt a resolution to amend the FY 2017 City/Federal/State Aid Fund budget and appropriate \$35,000 with resources from the 2016 State Homeland Security Program (SHSP) Grant to purchase a Crisis Response Throw Phone System for the LPD Crisis Negotiations Team (CNT).

SUMMARY: The Lynchburg Police Department has been awarded \$35,000 through a competitive grant process with the Virginia Department of Emergency Management (VDEM) State Homeland Security Program (SHSP) to purchase a replacement Crisis Response Throw Phone System for the Crisis Negotiations Team (CNT). Total equipment cost is \$35,000.00 which is fully reimbursable by the grant; no local matching funds are required.

PRIOR ACTION(S):

Finance Committee, December 13, 2016

FISCAL IMPACT:

None, no local match is required.

CONTACT(S):

Police Chief Raul Diaz, 455-6104
Captain R.S. Trent, 455-6182

ATTACHMENT(S): Resolution

REVIEWED BY: bms

RESOLUTION:

BE IT RESOLVED that the FY 2017 City/Federal/State Aid Fund budget is amended and \$35,000 is appropriated with resources of \$35,000 from the Virginia Department of Emergency Management (VDEM) 2016 State Homeland Security Program (SHSP) to purchase a Crisis Response Throw Phone System for the LPD Crisis Negotiations Team (CNT).

Introduced:

Adopted:

Certified:

Clerk of Council

163K